

Cynergy3 Components Fab Limited

Report and Financial Statements

Year Ended

31 December 2007

IBDO
BDO Stoy Hayward
Chartered Accountants

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Cynergy3 Components Fab Limited

Annual report and financial statements for the year ended 31 December 2007

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Directors

D A R Brunt
J R J Fenton

Secretary and registered office

Barlow Robbins Secretariat Limited, The Oriel, Sydenham Road, Guildford, Surrey, GU1 3SR

Company number

4464544

Auditors

BDO Stoy Hayward LLP, Arcadia House, Maritime Walk, Ocean Village, Southampton,
SO14 3TL

Bankers

Lloyds TSB Bank plc, 84-86 Cricklade Road, Gorse Hill, Swindon, Wiltshire, SN2 8AE

Cynergy3 Components Fab Limited

Report of the directors for the year ended 31 December 2007

The directors present their report together with the audited financial statements for the year ended 31 December 2007.

Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the year.

Principal activities, review of business and future developments

Cynergy3 Components Fab Limited's principal activity was to manufacture silicon into circuit protection products and switching power products. In 2007 the Company terminated its subcontract agreement with Cynergy3 Europe Sarl and commenced selling its products direct to the end customer. Focus was on growing its sales to a wider market to reduce its dependency on its largest customer. However, at the end of 2007 the Company's only major customer Crydom resourced the product from a competitor resulting in the planned closure of the Company in 2008.

Directors

The directors of the company during the year were:

D A R Brunt
J R J Fenton

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 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; 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 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.

Cynergy3 Components Fab Limited

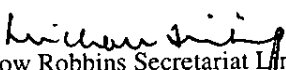
Report of the directors for the year ended 31 December 2007 (*Continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board

fw 
Barlow Robbins Secretariat Limited

Secretary

Date: *5th January 2009.*

Cynergy3 Components Fab Limited

Independent auditor's report

To the shareholders of Cynergy3 Components Fab Limited

We have audited the financial statements of Cynergy3 Components Fab 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss 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.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
Southampton*

Date: *5th January 2009.*

Cynergy3 Components Fab Limited**Profit and loss account for the year ended 31 December 2007**

	Note	2007 £	2006 £
Turnover	2	1,497,415	2,491,694
Cost of sales		2,128,096	2,284,292
		<hr/>	<hr/>
Gross (loss)/profit		(630,681)	207,402
Administrative expenses	5	1,389,964	167,844
		<hr/>	<hr/>
Operating (loss)/profit	3	(2,020,645)	39,558
Other interest receivable and similar income		1,083	579
Interest payable and similar charges		-	(881)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(2,019,562)	39,256
Taxation on (loss)/profit on ordinary activities	7	277,545	(65,994)
		<hr/>	<hr/>
Loss on ordinary activities after taxation		(1,742,017)	(26,738)
Accumulated loss brought forward	15	(636,026)	(609,288)
		<hr/>	<hr/>
Accumulated loss carried forward	15	(2,378,043)	(636,026)
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 7 to 16 form part of these financial statements.



Cynergy3 Components Fab Limited

Balance sheet at 31 December 2007

	Note	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Tangible assets	9		1,215,581		2,363,897
Current assets					
Stocks	10	390,690		768,857	
Debtors	11	509,994		894,845	
Cash at bank and in hand		4,495		1,772	
			905,179	1,665,474	
Creditors: amounts falling due within one year	12	526,703		595,403	
Net current assets			378,476		1,070,071
Total assets less current liabilities			1,594,057		3,433,968
Provisions for liabilities	13		-		97,894
			1,594,057		3,336,074
Capital and reserves					
Called up share capital	14		3,972,100		3,972,100
Profit and loss account	15		(2,378,043)		(636,026)
Shareholder's funds	16		1,594,057		3,336,074

The financial statements were approved by the board of directors and authorised for issue on

Director

The notes on pages 7 to 16 form part of these financial statements.

1 Accounting policies

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

The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by FRC Investments Limited and the company is included in consolidated financial statements.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Depreciation

Tangible fixed assets are stated at cost less depreciation. The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

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 :

Leasehold improvements	- Shorter of the life of the lease and 10 years
Leasehold property	- Life of lease
Plant & machinery	- 10 years
Office equipment	- 5 years

Stocks

Stocks are valued at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of direct labour and attributable production overheads.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable.

1 Accounting policies (*continued*)

Research

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Related party disclosure

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, 'Related party disclosures', not to disclose transactions with members or investees of the group headed by FRC Investments Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements

Cynergy3 Components Fab Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

2 Turnover

	2007 £	2006 £
Analysis by geographical market:		
Europe	1,497,415	2,491,694
	<u> </u>	<u> </u>

Turnover is wholly attributable to the principal activity of the company.

3 Operating (loss)/profit

	2007 £	2006 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	282,752	292,290
Impairment of tangible fixed assets	1,033,354	-
Hire of plant and machinery - operating leases	1,515	-
Audit services	10,750	10,000
Non-audit services	2,475	2,300
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of:

	2007 £	2006 £
Wages and salaries	762,601	929,713
Social security costs	69,746	88,519
Other pension costs	19,705	21,560
	<u> </u>	<u> </u>
	852,052	1,039,792
	<u> </u>	<u> </u>

The average number of employees (including directors) during the year was as follows:

	2007 Number	2006 Number
Manufacturing	33	42
Research and development	2	2
	<u> </u>	<u> </u>
	35	44
	<u> </u>	<u> </u>

Cynergy3 Components Fab Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)

5 Exceptional items

Administrative expenses include impairment provisions totalling £1,033,354. These have been charged against leasehold land and buildings (£271,388), leasehold improvements (£194,335) and plant and machinery (£567,631).

6 Directors' remuneration

	2007 £	2006 £
Directors' emoluments	83,525	82,104
Company contributions to money purchase pension schemes	8,195	8,076
	<u> </u>	<u> </u>

There was 1 director in the company's defined contribution pension scheme during the year (2006 - 1).

Cynergy3 Components Fab Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

7 Taxation on (loss)/profit on ordinary activities

	2007	2006
	£	£
<i>UK Corporation tax</i>		
Current tax on profits of the year	(4,385)	1,307
Adjustment in respect of previous periods	3,078	(13,221)
	<hr/>	<hr/>
Total current tax	(1,307)	(11,914)
<i>Deferred tax</i>		
Origination and reversal of timing differences	(269,711)	42,639
Adjustment in respect of previous periods	-	35,269
Effect of reduced rate on opening liability	(6,527)	-
	<hr/>	<hr/>
Movement in deferred tax provision	(276,238)	77,908
	<hr/>	<hr/>
Taxation on (loss)/profit on ordinary activities	(277,545)	65,994
	<hr/>	<hr/>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2007	2006
	£	£
(Loss)/profit on ordinary activities before tax	(2,019,562)	39,256
	<hr/>	<hr/>
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2006 - 30%)	(605,869)	11,777
Effect of:		
Expenses not deductible for tax purposes	81,448	32,924
Fixed asset timing differences	288,977	(42,639)
Marginal relief	2,538	(755)
Adjustment to tax charge in respect of previous periods	3,078	(13,221)
Group relief	228,521	-
	<hr/>	<hr/>
Current tax charge for period	(1,307)	(11,914)
	<hr/>	<hr/>

Cynergy3 Components Fab Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)

8 Intangible assets

	Purchased goodwill £
<i>Cost or valuation</i>	
At 1 January 2007 and 31 December 2007	197,500
<i>Amortisation</i>	
At 1 January 2007 and 31 December 2007	197,500
<i>Net book value</i>	
At 31 December 2006 and 31 December 2007	-

9 Tangible fixed assets

	Leasehold land and buildings £	Plant and machinery £	Office equipment £	Leasehold improvements £	Total £
<i>Cost</i>					
At 1 January 2007	1,400,000	1,818,531	41,257	414,477	3,674,265
Additions	-	158,192	9,598	-	167,790
At 31 December 2007	1,400,000	1,976,723	50,855	414,477	3,842,055
<i>Depreciation</i>					
At 1 January 2007	321,868	776,723	33,082	178,695	1,310,368
Provided for the year	56,744	174,953	9,608	41,447	282,752
Impairment	271,388	567,631	-	194,335	1,033,354
At 31 December 2007	650,000	1,519,307	42,690	414,477	2,626,474
<i>Net book value</i>					
At 31 December 2007	750,000	457,416	8,165	-	1,215,581
At 31 December 2006	1,078,132	1,041,808	8,175	235,782	2,363,897

Cynergy3 Components Fab Limited**Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)****10 Stocks**

	2007 £	2006 £
Raw materials and consumables	53,289	353,686
Work in progress	263,660	415,171
Finished goods and goods for resale	73,741	-
	<u>390,690</u>	<u>768,857</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

11 Debtors

	2007 £	2006 £
Trade debtors	256,538	5,872
Amounts owed by group undertakings	18,354	748,488
Corporation tax recoverable	4,385	12,465
Other debtors	11,230	51,549
Prepayments and accrued income	41,143	76,471
Deferred taxation (see note 13)	178,344	-
	<u>509,994</u>	<u>894,845</u>

All amounts shown under debtors fall due for payment within one year.

12 Creditors: amounts falling due within one year

	2007 £	2006 £
Bank loans and overdrafts (secured)	-	17,525
Trade creditors	109,276	218,760
Amounts owed to group undertakings	344,575	272,501
Taxation and social security	11,882	27,760
Accruals and deferred income	60,970	58,857
	<u>526,703</u>	<u>595,403</u>

Cynergy3 Components Fab Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

13 Provisions for liabilities

	Deferred taxation £
At 1 January 2007	97,894
Credited to profit and loss account	(276,238)
	<hr/>
Transferred to debtors (see note 11)	(178,344)
	178,344
	<hr/>
At 31 December 2007	-
<i>Deferred taxation</i>	
	<hr/>
	2007 2006
	£ £
Accelerated capital allowances	(178,344) 97,894
	<hr/> <hr/>

14 Share capital

	2007 £	Authorised 2006 £	Allotted, called up and fully paid 2007 £	2006 £
'A' Ordinary shares of £1 each	3,000,000	3,000,000	2,383,260	2,383,260
'B' Ordinary shares of £1 each	2,000,000	2,000,000	1,588,840	1,588,840
	<hr/>	<hr/>	<hr/>	<hr/>
	5,000,000	5,000,000	3,972,100	3,972,100
	<hr/>	<hr/>	<hr/>	<hr/>

15 Reserves

	Profit and loss account £
At 1 January 2007	(636,026)
Loss for the year	(1,742,017)
	<hr/>
At 31 December 2007	(2,378,043)
	<hr/>

Cynergy3 Components Fab Limited**Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)****16 Reconciliation of movements in shareholder's funds**

	2007	2006
	£	£
Loss for the year	(1,742,017)	(26,738)
Opening shareholder's funds	3,336,074	3,362,812
Closing shareholder's funds	1,594,057	3,336,074

17 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £19,705 (2006 - £21,560). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

18 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2007	2006
	Other	Other
	£	£
Operating leases which expire:		
In two to five years	1,435	-

Cynergy3 Components Fab Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)

19 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by FRC Investments Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

Related party transactions and balances

	Sales to related party £	Expenses recharged to related party £	Expenses recharged by related party £	Amounts owed to related party £	Amounts owed from related party £
Related party 2007					
Cynergy3 Corporation	-	-	-	-	4,852
Cynergy3 De Mexico	-	-	-	-	7,084
Cynergy3 Europe Sarl	187,883	31,371	-	-	6,418
2006					
Cynergy3 Corporation group companies	2,491,694	114,615	2,642	2,638	748,488

Sales were made by the company to its shareholders during the year, based on a cost plus arrangement.

Recharges of expenses incurred initially by Cynergy3 Corporation are recharged to the company at cost.

During the year, assets that had been transferred to Crydom de Mexico in prior years were transferred back to the Company, for a credit value of £158,192.

20 Ultimate parent company and parent undertaking of larger group

The largest group in which the results of the company are consolidated is that headed by Cynergy3 Corporation, a company incorporated in the United States of America. The smallest group in which they are consolidated is that headed by FRC Investments Limited.

The consolidated accounts of FRC Investments Limited are available to the public and may be obtained from the Secretary, Barlow Robbins Secretariat Limited, The Oriel, Sydenham Road, Guildford, Surrey, GU1 3SR.

The directors consider Cynergy3 Corporation to be the ultimate controlling party and parent undertaking.