

**DAGE BACKPLANE SYSTEMS
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 APRIL 2002



DAGE BACKPLANE SYSTEMS LIMITED

FINANCIAL STATEMENTS

For the year ended 30 April 2002

Company registration number: 2464046

Registered office: Rabans Lane
Aylesbury
Bucks
HP19 8RG

Directors: G D Rees
P J Turner
S J Wells

Secretary: S J Wells

Bankers: Lloyds TSB Group plc
1 Market Square
Aylesbury
Bucks
HP20 1TD

Solicitors: Cameron McKenna
Mitre House
160 Aldersgate Street
London
EC1A 4DD

Auditors: Grant Thornton
Registered auditors
Chartered accountants
202 Silbury Boulevard
Central Milton Keynes
Bucks
MK9 1LW

DAGE BACKPLANE SYSTEMS LIMITED

FINANCIAL STATEMENTS

For the year ended 30 April 2002

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DAGE BACKPLANE SYSTEMS LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 30 April 2002.

Principal activities

The company is principally engaged in the design, manufacture and distribution of backplane systems.

Business review

As with the rest of the global electronics industry the business suffered in what has been one of the worst recessions experienced. Key customers in the telecommunications industry were particularly badly hit by a sharp and continuing downturn. Nonetheless, because of Dage's responsiveness and commitment to reducing their customer costs Dage was able to win, against severe competition, significant new business in the telecommunications segment. Dage was also able to support all its other current customers by aggressively attacking material and labour costs with this approach also leading to the winning of some new projects. In China, the company's wholly owned subsidiary was able to beat plan in its first full year of operation.

The swiftness of the downturn and the cost of actions to put the business on a proper cost footing for the new circumstances inevitably led the business into loss for the year. However, the full year effect of the cost measures implemented and the full year impact of new business won should lead to a significant improvement in performance in the coming year.

Results

There was a loss for the year after taxation amounting to £845,769 (2001: profit £1,238,417). The directors do not recommend payment of a dividend.

Directors

The present membership of the Board is set out below.

The directors beneficial shareholdings in Dage Holdings Limited, the ultimate parent undertaking, are disclosed in that company's financial statements.

The interests of the directors and their families in the shares of the company as at 30 April 2002 and 1 May 2001 were as follows:

	Ordinary shares	
	30 April 2002	1 May 2001
G D Rees	-	-
P J Turner	-	-
S J Wells	-	-

DAGE BACKPLANE SYSTEMS LIMITED

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements

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:

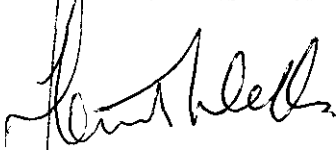
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



S J Wells
Secretary

25 November 2002

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

DAGE BACKPLANE SYSTEMS LIMITED

We have audited the financial statements of Dage Backplane Systems Limited for the year ended 30 April 2002 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 18. 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 directors' report and the financial statements in accordance with United Kingdom law and accounting standards 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 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 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.

We read other information contained in the directors' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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 30 April 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

CENTRAL MILTON KEYNES

27 November 2002

DAGE BACKPLANE SYSTEMS LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

INVESTMENTS

Investments are included at cost.

STOCKS

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

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

CONTRIBUTIONS TO PENSION FUNDS

Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Defined benefit scheme

The pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. Variations from regular cost are spread over the average remaining service lives of current employees in the scheme.

LEASED ASSETS

The payments made under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

DAGE BACKPLANE SYSTEMS LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 30 April 2002

	Note	2002 £	2001 £
Turnover	1	11,028,891	20,418,031
Cost of sales		(8,168,849)	(15,388,554)
Gross profit		2,860,042	5,029,477
Administrative expenses		(3,746,729)	(3,742,605)
Loss on ordinary activities before taxation	1	(886,687)	1,286,872
Tax on loss on ordinary activities	3	40,918	(48,455)
Loss for the financial year	12	(845,769)	1,238,417
Dividends	5	-	(1,250,000)
Loss transferred from reserves	11	(845,769)	(11,583)

There were no recognised gains or losses other than the loss for the financial year.

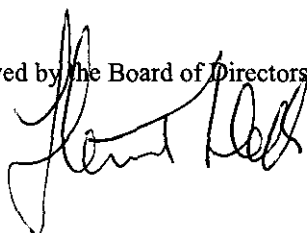
DAGE BACKPLANE SYSTEMS LIMITED

BALANCE SHEET AT 30 APRIL 2002

	Note	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Investments	6		384,788		366,000
Current assets					
Stocks	7	1,473,880		2,247,554	
Debtors	8	4,885,640		3,966,703	
		6,359,520		6,214,257	
Creditors: amounts falling due within one year	9	(7,518,031)		(6,508,211)	
Net current liabilities			(1,158,511)		(293,954)
			(773,723)		72,046
Capital and reserves					
Called up share capital	10		1,000		1,000
Profit and loss account	11		(774,723)		71,046
Shareholders' funds	12		(773,723)		72,046

The financial statements were approved by the Board of Directors on

25th November 2002



Director

DAGE BACKPLANE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2002

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and loss before taxation is attributable to one activity. Loss on ordinary activities is stated after:

	2002 £	2001 £
Hire of plant and machinery	<u>43,849</u>	<u>37,082</u>

The auditors' remuneration is paid by another group undertaking.

2 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2002 £	2001 £
Wages and salaries	2,075,983	2,735,476
Social security costs	162,269	163,833
Other pension costs	66,729	66,415
	<u>2,304,981</u>	<u>2,965,724</u>

The average number of employees of the company during the year was 113 (2001: 133).

Remuneration in respect of directors was as follows:

	2002 £	2001 £
Emoluments	65,929	57,888
Pension contributions	14,935	35,056
	<u>80,864</u>	<u>92,944</u>

During the year 1 director (2001: 1) participated in defined benefit pension schemes.

3 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax credit represents:

	2002 £	2001 £
UK Corporation tax at 30% (2001: 30%)	(40,918)	411,000
Group relief	-	(362,000)
	<u>(40,918)</u>	<u>49,000</u>
Adjustments in respect of prior periods:		
Corporation tax	-	(545)
	<u>(40,918)</u>	<u>48,455</u>

DAGE BACKPLANE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2002

4 FACTORS AFFECTING TAX CHARGE

The tax assessed is lower than the standard rate of tax of corporation tax in the UK of 30% (2001: 30%). The differences are explained as follows:

	2002 £	2001 £
(Loss) / profit on ordinary activities before taxation	(886,687)	1,286,872
(Loss) / profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 30 % (2001: 30%)	(266,006)	386,062
Effect of:		
Expenses not deductible for tax purposes	3,428	9,077
Movement in accelerated capital allowances	(2,422)	15,861
Group relief	-	(362,000)
Adjustments to tax charge in respect of prior periods	224,082	(545)
	<u>(40,918)</u>	<u>48,455</u>

5 DIVIDENDS

	2002 £	2001 £
Ordinary shares - final dividend proposed of £nil per share (2001: £1,250 per share)	<u>-</u>	<u>1,250,000</u>

6 FIXED ASSETS INVESTMENTS

	Shares in group undertakings £
Cost	
At 1 May 2001	366,000
Additions	18,788
At 30 April 2002	<u>384,788</u>

DAGE BACKPLANE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2002

	Country of incorporation	Class of share capital held	Proportion held	Nature of Business
Dage Electronics (Suzhou) Co. Limited	China	Ordinary	100%	Electronic design and manufacture

The company's accounts present information about it as an individual undertaking and not about its group. The company has taken advantage of Section 228 of the Companies Act 1985 and not produced group financial statements. The company and its subsidiary undertaking are incorporated in the consolidated financial statements of Dage Holdings Limited.

7 STOCKS

	2002 £	2001 £
Work in progress	228,527	158,822
Finished goods and component stocks	1,245,353	2,088,732
	<u>1,473,880</u>	<u>2,247,554</u>

8 DEBTORS

	2002 £	2001 £
Trade debtors	2,450,133	1,866,197
Amounts owed by group undertakings	2,357,859	2,018,803
Taxation recoverable	19,708	77,613
Prepayments and accrued income	57,940	4,090
	<u>4,885,640</u>	<u>3,966,703</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade creditors	1,094,288	1,580,104
Amounts owed to group undertakings	5,196,696	4,392,231
Corporation tax	-	49,000
Other creditors	54,800	227,402
Accruals and deferred income	1,172,247	259,474
	<u>7,518,031</u>	<u>6,508,211</u>

DAGE BACKPLANE SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 April 2002

10 SHARE CAPITAL

	2002 £	2001 £
Authorised, allotted, called up and fully paid 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

11 RESERVES

	Profit and loss account £
At 1 May 2001	71,046
Retained loss for the year	<u>(845,769)</u>
At 30 April 2002	<u>(774,723)</u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Loss for the financial year	(845,769)	1,238,417
Dividends	-	<u>(1,250,000)</u>
Net decrease in shareholders' funds	<u>(845,769)</u>	(11,583)
Shareholders' funds at 1 May 2001	72,046	83,629
Shareholders' funds at 30 April 2002	<u>(773,723)</u>	<u>72,046</u>

13 CAPITAL COMMITMENTS

The company had no capital commitments at 30 April 2002 or 30 April 2001.

14 CONTINGENT LIABILITIES

There were no contingent liabilities at 30 April 2002 or 30 April 2001 except in respect of unlimited cross guarantees between group undertakings of £ 10,191,000 (2001: £10,948,000).

DAGE BACKPLANE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2002

15 PENSIONS

The parent undertaking operates two pension schemes for the benefit of group employees.

Defined benefit scheme

The General Accident Scheme was established by a Board resolution of Dage Limited, another group company, and, as such, there are no trustees; instead there is an administrator. The assets of the scheme are in a fund independent from those of the group companies.

Costs and liabilities of the scheme are based on actuarial valuations. The latest full actuarial valuation was carried out at 30 April 2001 by a qualified independent actuary.

The main assumptions of the actuary were:

Rate of inflation	4%
Effective rate of return on gilts	8%
Effect rate of return on equities	9%
Rate of increase of Guaranteed Minimum Pension	6.25%
Rate of statutory revaluation for deferred benefits	4%
Rate of LPI increase in payment	3.5%
Rate of pension increase	5%

The assets in the scheme and the expected long-term rate of return were:

Norwich Union with profits policy (rate of return 8%)	£2,606,000
Total market value of assets	£2,606,000
Present value of scheme liabilities	£2,844,000
Deficit in the scheme	£ 238,000

The deficit is fully provided by the principle employer.

The next full valuation is expected to be carried out by the actuary as at 30 April 2002.

Defined contribution scheme

In May 1992, the parent undertaking established a Group Personal Pension Plan with the Clerical Medical Investment Group in which the assets of the employees are invested in tax exempt funds, with each member having their own individual account.

Eligibility to join the scheme is by invitation of the Board, subject to the individual being a permanent full time employee, who has attained the age of 25 and has completed at least one year of service with the group company at the renewal date. Members contribute 4% of their basic annual salary, with the group company contributing between 4 and 6%.

During the year the group established a stake holder pension scheme with the Clerical Medical Investment Group.

DAGE BACKPLANE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2002

16 LEASING COMMITMENTS

Operating lease payments amounting to £50,350 (2001: £56,085) are due within one year. The leases to which these amounts relate expire as follows:

	2002 Other £	2001 Other £
In one year or less	15,478	9,837
Between one and five years	34,872	46,248
	<u>50,350</u>	<u>56,085</u>

17 TRANSACTIONS WITH RELATED PARTIES

As a wholly owned subsidiary of Dage Holdings Limited the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Dage Holdings Limited.

18 ULTIMATE PARENT UNDERTAKING AND CONTROLLING RELATED PARTY

The ultimate parent undertaking of this company is Dage Holdings Limited.

Dage Limited is the company's controlling related party by virtue of its holding 100% of the shares. Royal Bank Investments Limited is the company's ultimate controlling related party by virtue of its majority shareholding in Dage Holdings Limited.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Dage Holdings Limited.