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Company Registration No:NI 51794

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS

31 March 2005

DEPARTMENT OF TRADE AND INVESTMENT
CORPORATE REGISTRY
17 APR 2007
COUNTER RECEIVED

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

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FLEXTRONICS (UK) DESIGN SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Toye
F McKay

SECRETARY

R Foskin

REGISTERED OFFICE

Nitec Building
Nortel Complex
Newtownabbey
BT36 6XA

INDEPENDENT AUDITORS

Deloitte & Touche LLP
19 Bedford Street
Belfast
BT2 7EJ

BANKERS

Citigroup
Citibank House
336 The Strand
London
WCR 1HB

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period ended 31 March 2005.

PRINCIPAL ACTIVITY

The company was incorporated on 22 September 2004 as Sarcon (No.169) Limited. On 15 November 2004 the company name was changed to Flextronics (UK) Design Services Limited. The principal activity of the company is the provision of Design Services to the Telecoms Infrastructure Industry.

BUSINESS REVIEW AND FUTURE PROSPECTS

Flextronics (UK) Design Services offer a comprehensive range of value-added design and engineering market-specific services. These services range from contract design services to original product design and manufacturing services.

Our strategy is to accelerate our growth and enhance profitability by using our market-focused expertise and capabilities and our global economies of scale to offer the most competitive design services to our customers. We have expanded our design and engineering team to offer services that help our customers achieve time and cost savings for their products. We intend to continue to expand our design and engineering capabilities by increasing our research and development capabilities, expanding our established internal design and engineering resources, and by developing, licensing and acquiring technologies.

Turnover for the 5 months ended 31 March 2005 was £2,044,716 and operating profit £168,553. This represented an encouraging start for the newly divested Flextronics (UK) Design services. We hope to build on this success during financial year ended 31 March 2006.

RESULTS AND DIVIDENDS

The profit for the year attributable to shareholders amounts to £185,869. The directors do not recommend payment of a dividend for the year.

DIRECTORS AND THEIR INTERESTS

The directors of the company at the end of the year are shown on page 1. The directors who served during the period were as follows:

D Toye	(appointed 29/10/2004, resigned 31/05/2006)
F McKay	(appointed 29/10/2004, resigned 31/05/2006)
L Whaley	(appointed 22/09/2004, resigned 29/10/2004)
G Armstrong	(appointed 22/09/2004, resigned 29/10/2004)
A Farha	(appointed 31/05/2006)
R Foskin	(appointed 31/05/2006)

None of the directors held any interest in the share capital of the company or of the parent company.

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

DIRECTORS' REPORT (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 at the end of the year 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;
- state whether applicable accounting standards have been followed; 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements are prepared in compliance with the Companies (Northern Ireland) Order 1986. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Deloitte & Touche LLP were appointed as auditors on 30 September 2005. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board



R Foskin
Company Secretary



31 March 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLEXTRONICS (UK) DESIGN SERVICES LIMITED

We have audited the financial statements of Flextronics (UK) Design Services Limited for the period ended 31 March 2005 which comprise the profit and loss account, balance sheet and the related notes 1 to 17. 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 Article 243 of the Companies (Northern Ireland) Order 1986. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 (Northern Ireland) Order 1986. We also report if, in our opinion, the report of the directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the report of the directors for the above period and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 affairs of the company as at 31 March 2005 and of the profit of the company for the period then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.



DELOITTE & TOUCHE LLP
Chartered Accountants and Registered Auditors
Belfast, United Kingdom

16 April 2007

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

Period ended 31 March 2005

	Note	5 months ended 31 March 2005 £
TURNOVER	2	2,044,716
Cost of sales		<u>(1,698,983)</u>
GROSS PROFIT		345,733
Administrative expenses		<u>(177,180)</u>
OPERATING PROFIT	3	168,553
Interest receivable and similar income		1,106
Interest payable and similar charges	6	<u>(14,829)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		154,830
Taxation	7	<u>31,039</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	14	<u><u>185,869</u></u>

All activities in the current period have arisen from continuing operations.

There are no recognised gains and losses other than the profit for the financial period. Accordingly, no statement of total recognised gains and losses is given.

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

BALANCE SHEET

At 31 March 2005

	Note	2005 £
FIXED ASSETS		
Tangible assets	8	<u>340,270</u>
CURRENT ASSETS		
Debtors	9	2,582,992
Cash at bank and in hand		<u>48,987</u>
		2,631,979
CREDITORS : amounts falling due within one year	10	<u>(2,428,972)</u>
NET CURRENT ASSETS		<u>203,007</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>543,277</u>
NET ASSETS		<u><u>543,277</u></u>
CAPITAL AND RESERVES		
Called up share capital	12	2
Share premium account	13	237,406
Capital contribution	13	120,000
Profit and loss account	13	<u>185,869</u>
SHAREHOLDERS' FUNDS	14	<u><u>543,277</u></u>

These financial statements were approved by the Board of Directors on 31 March 2007

Signed on behalf of the Board of Directors

A Farha
Director



FLEXTRONICS (UK) DESIGN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2005

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted by the directors are described below.

Accounting convention

The financial statements are prepared under the historical cost.

Tangible Fixed Assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned.

The cost of fixed assets is depreciated over the expected useful lives of the assets as follows:

Test Equipment	5 years
Computer Equipment	5 years
Office Equipment	3 years
Computer Software	Shorter of the Asset's Useful life or 3 years

Research and Development

Expenditure on research and development is expensed in the year in which it is incurred.

Turnover

Turnover represents the invoiced value of goods supplied during the year excluding value added tax.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only 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.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the period ended 31 March 2005

1. ACCOUNTING POLICIES (Continued)

Pensions

The company participates in a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Foreign Currencies

Transactions denominated in foreign currencies are translated at the exchange rate ruling at the date of the transaction. All assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The resulting gain or loss is dealt with in the profit and loss account.

Cash Flow

The company is a wholly owned subsidiary undertaking of Flextronics International (HK) Limited whose consolidated financial statements, within which Flextronics (UK) Design Limited is included, are publicly available. Consequently the company has taken advantage of the exemption in FRS1 from preparing a cash flow statement.

2. TURNOVER

Turnover is the amount derived from the provision of services falling within the company's ordinary activities after deduction of value added tax.

The whole of the company's turnover and profit on ordinary activities before taxation arose from its provision of Design Services within the United Kingdom.

No analysis of turnover and results is presented as the directors consider such disclosure to be seriously prejudicial to the company's interests.

3. OPERATING PROFIT

	5 months ended 31 March 2005 £
Operating profit is stated after charging:	
Depreciation - own assets	78,370
Auditors' remuneration - audit fees	7,000
Exchange Loss	25,011
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4. DIRECTORS' REMUNERATION

None of the directors received any emoluments during the year.

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the period ended 31 March 2005

5. INFORMATION REGARDING EMPLOYEES

	5 months ended 31 March 2005
	No.
Average number of persons employed by the company (including directors):	
Consultancy / Design Services	57
Administration	3
	<hr/>
	60
	<hr/> <hr/>
	£
Staff costs incurred during the period:	
Wages and salaries	969,871
Social security costs	108,793
Pension costs (note 15)	81,159
	<hr/>
	1,159,823
	<hr/> <hr/>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	5 months ended 31 March 2005
	£
Interest payable on loans from group companies	14,829
	<hr/> <hr/>

7. TAXATION

The credit based on the profit on ordinary activities for the period comprises:

	5 months ended 31 March 2005
	£
Deferred taxation	
Origination and reversal of timing differences	31,039
	<hr/>
	31,039
	<hr/> <hr/>

The standard rate of tax for the period, based on the UK standard rate of Corporation Tax is 30%. The actual tax charge for the current period is lower than the standard rate for the reasons set out in the following reconciliation:

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the period ended 31 March 2005

7. TAXATION (Continued)

	5 months ended 31 March 2005 £
Profit on ordinary activities before tax	154,830
Tax at 30% thereon	<u>46,151</u>
Effects of:	
Expenses not deductible for tax purposes	414
Capital allowances in excess of depreciation	23,954
Other deferred tax movements	7,085
Group relief claimed	<u>(77,604)</u>
Current tax charge for period	<u><u>-</u></u>

8. TANGIBLE FIXED ASSETS

	Test Equipment £	Computer Equipment & Software £	Office Equipment £	Total £
Cost				
At 1 November 2004	-	-	-	-
Additions	354,575	62,470	1,595	418,640
At 31 March 2005	<u>354,575</u>	<u>62,470</u>	<u>1,595</u>	<u>418,640</u>
Accumulated depreciation				
At 1 November 2004	-	-	-	-
Charge for year	75,479	2,669	222	78,370
At 31 March 2005	<u>75,479</u>	<u>2,669</u>	<u>222</u>	<u>78,370</u>
Net book value at 31 March 2005	<u><u>279,096</u></u>	<u><u>59,801</u></u>	<u><u>1,373</u></u>	<u><u>340,270</u></u>

9. DEBTORS

	2005 £
Amount recoverable in less than one year:	
Trade debtors	2,402,541
Other debtors	127,288
Prepayments and accrued income	2,100
Amount owed by group companies	20,024
Deferred tax asset (note 11)	31,039
	<u><u>2,582,992</u></u>

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the period ended 31 March 2005

10. CREDITORS: amounts falling due within one year

	2005
	£
Trade creditors	73,176
Other taxes and social security costs	436,992
Other creditors	31,898
Accruals and deferred income	545,005
Amounts owed to group companies	1,341,901
	<u>2,428,972</u>

Interest is charged on the amounts owed to group companies at LIBOR plus margin.

11. DEFERRED TAX

The movements in deferred taxation during the current period are as follows:

	2005
	£
Movement on deferred taxation balance in the period	-
Opening balance at 1 November 2004	-
Credit to profit and loss account	31,039
	<u>31,039</u>
Closing balance at 31 March 2005	<u>31,039</u>

Analysis of deferred tax balance

	2005
	£
Capital allowances in excess of depreciation	23,954
Short term timing differences	7,085
	<u>31,039</u>
Deferred tax asset	<u>31,039</u>

12. CALLED UP SHARE CAPITAL

Authorised

	2005
	£
100 ordinary shares of £1 each	100
	<u>100</u>

**Allotted, called up
and fully paid**

	2005
	£
2 ordinary shares of £1 each	2
	<u>2</u>

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the period ended 31 March 2005

13. STATEMENT OF MOVEMENT ON RESERVES

	Share premium account £	Capital contribution £	Profit and loss account £	Total £
At 1 November 2004	-	-	-	-
Share issues	237,406	-	-	237,406
Capital contribution	-	120,000	-	120,000
Profit for the financial year	-	-	185,869	185,869
At 31 March 2005	237,406	120,000	185,869	543,275

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2005 £
Issue of ordinary share capital	2
Share premium	237,406
Capital contribution	120,000
Profit for the financial period	185,869
Net addition to shareholders' funds	543,277
Opening shareholders' funds	-
Closing shareholders' funds	543,277

15. PENSIONS

The company participates in a group defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Payments to the scheme during the period amounted to £81,159.

16. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions contained in Financial Reporting Standard Number 8 – 'Related Party Disclosures' not to disclose transactions with its parent undertakings or fellow subsidiary undertakings on the grounds that it is a 100% owned subsidiary.

17. ULTIMATE CONTROLLING PARTY

The company is a subsidiary of Flextronics International (HK) Ltd. The ultimate controlling party is Flextronics International (HK) Ltd. Copies of the Group accounts of Flextronics International (HK) Limited may be obtained from the Investor Relations Department, 2090 Fortune Drive, San Jose, California, 95131.