

Company Registration No:NI 51794

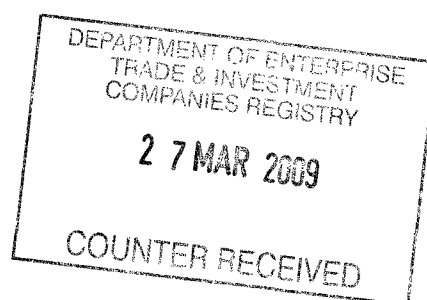


00617414

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS

31 March 2006



FLEXTRONICS (UK) DESIGN SERVICES LIMITED

CONTENTS

	Page
Officers and Professional Advisors	1
Report of the Directors	2 - 3
Report of the Independent Auditors	4 - 5
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	8 - 14

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

D Toye (appointed 29/10/2004, resigned 31/05/2006)
F McKay (appointed 29/10/2004, resigned 08/09/2005, reappointed 07/05/2008)
A Farha (appointed 31/05/2006, resigned 07/05/2008)
R Foskin (appointed 31/05/2006)
E Johnson (appointed 07/05/2008)

SECRETARY

R Foskin (appointed 20 May 2005 resigned 26 April 2007)
Beach Secretaries Limited (appointed 27 April 2007)

REGISTERED OFFICE

Nitec Building
Nortel Complex
Newtownabbey
BT36 6XA

INDEPENDENT AUDITORS

Deloitte 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 year ended 31 March 2006.

PRINCIPAL ACTIVITY

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.

Turnover for the 12 months ended 31 March 2006 amounted to £5,284,654 (5 months ended 31 March 2005: £2,044,716) and operating profit for the year amounted to £596,539 (5 months ended 31 March 2005: £168,553).

The global telecoms industry is extremely competitive and constantly changing. Since 31 March 2006, changes have occurred with the industry and most notably within the wider Flextronics Group. In 2007, Flextronics completed the successful acquisition of a large competitor. This brought with it significant synergies and in November 2007 the decision was taken to close the Design facility in Belfast. The closure announcement resulted in the cessation of operations for Flextronics (UK) Design Services Ltd in November 2007.

Due to the nature of the closure and the costs associated with it, Flextronics International (HK) Ltd, the parent company of the group, will ensure that all creditors are paid in full and will support the company financially to this extent. There are currently no plans to liquidate the company however, subsequent years will show a wind-down to a dormant balance sheet by March 2008.

The company has ceased trading since the balance sheet date. The financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the company's assets to net realisable value. Provision has also been made for any onerous contractual commitments at the balance sheet date. The financial statements do not include any provision for the future costs of terminating the business of the company except to the extent where such were committed at the balance sheet date.

RESULTS AND DIVIDENDS

The profit for the year attributable to shareholders amounted to £515,016 (2005: £185,869). The directors do not recommend payment of a dividend for the year.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

One significant financial risk facing the company is that of currency fluctuation. This is mitigated substantially by the use of cash pooling facilities and foreign exchange hedging within the global Flextronics group.

DIRECTORS AND THEIR INTERESTS

The directors of the company who served during the period and since that date are shown on page 1.

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

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- 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 the financial statements comply with the Companies (Northern Ireland) Order 1986. 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.

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Article 242ZA of the Companies (Northern Ireland) Order 1986.

The auditors, Deloitte LLP have indicated their intention to resign as auditors following the approval of these financial statements.

By order of the Board



F McKay
Director

Date: 20 March 2009

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 year ended 31 March 2006 which comprise the Profit and Loss Account, the 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

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 are properly prepared in accordance with the Companies (Northern Ireland) Order 1986. 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.

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 March 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986; and
- the information given in the Directors' Report is consistent with the financial statements.

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

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure in note 1 to the financial statements, which explains the financial statements have been prepared on a basis other than that of a going concern due to the company's decision to cease trading after the balance sheet date.

Deloitte LLP

Deloitte LLP

Chartered Accountants and Registered Auditors
Belfast, United Kingdom

Date: *27 March 2009*

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2006

	Note	12 months ended 31 March 2006 £	5 months ended 31 March 2005 £
TURNOVER	2	5,284,654	2,044,716
Cost of sales		(3,569,882)	(1,299,185)
GROSS PROFIT		1,714,772	745,531
Administrative expenses		(1,118,233)	(576,978)
OPERATING PROFIT	3	596,539	168,553
Interest receivable and similar income		18,023	1,106
Interest payable and similar charges	6	(68,507)	(14,829)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		546,055	154,830
Taxation	7	(31,039)	31,039
RETAINED PROFIT FOR THE FINANCIAL YEAR	14	515,016	185,869

All activities in the current period have arisen from operations discontinued in a subsequent period.

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 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible assets	8	365,278	340,270
CURRENT ASSETS			
Debtors	9	2,319,081	2,582,992
Cash at bank and in hand		-	48,987
		2,319,081	2,631,979
CREDITORS : amounts falling due within one year	10	(1,626,066)	(2,428,972)
NET CURRENT ASSETS		693,015	203,007
TOTAL ASSETS LESS CURRENT LIABILITIES		1,058,293	543,277
NET ASSETS		1,058,293	543,277
CAPITAL AND RESERVES			
Called up share capital	12	2	2
Share premium account	13	237,406	237,406
Capital contribution	13	120,000	120,000
Profit and loss account	13	700,885	185,869
SHAREHOLDERS' FUNDS	14	1,058,293	543,277

These financial statements were approved by the Board of Directors on

20 March 2009

Signed on behalf of the Board of Directors


F McKay
Director

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

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

Going Concern

The company ceased trading after the balance sheet date and the financial statements have been prepared on a basis other than that of a going concern. The company's assets have been written down to Net Realisable Value and provision has been made for onerous contractual commitments at the balance sheet date. Future costs of terminating the business are not included in these financial statements except to the extent that such were present at the balance sheet date.

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.

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2006

1. ACCOUNTING POLICIES (Continued)

Taxation (continued)

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.

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

	12 months ended 31 March 2006 £	5 months ended 31 March 2005 £
Operating profit is stated after charging/(crediting):		
Depreciation - own assets	197,302	78,370
Auditors' remuneration - audit fees	10,577	7,000
Exchange (gain)/loss	(241,807)	25,011

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **For the year ended 31 March 2006**

4. DIRECTORS' REMUNERATION

None of the directors received any emoluments during the year.

5. INFORMATION REGARDING EMPLOYEES

	12 months ended 31 March 2006 No.	5 months ended 31 March 2005 No.
Average number of persons employed by the company (including directors):		
Consultancy / Design Services	63	57
Administration	3	3
	<u>66</u>	<u>60</u>
	£	£
Staff costs incurred during the period:		
Wages and salaries	2,817,562	969,871
Social security costs	263,398	108,793
Pension costs (note 15)	186,926	81,159
	<u>3,267,886</u>	<u>1,159,823</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	12 months ended 31 March 2006 £	5 months ended 31 March 2005 £
Interest payable on loans from group companies	68,428	14,829
Interest payable on current accounts	79	-
	<u>68,507</u>	<u>14,829</u>

7. TAXATION

The charge/ (credit) based on the profit on ordinary activities for the period comprises:

	12 months ended 31 March 2006 £	5 months ended 31 March 2005 £
Deferred taxation		
Origination and reversal of timing differences	31,039	(31,039)
	<u>31,039</u>	<u>(31,039)</u>

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 year ended 31 March 2006**

7. TAXATION (Continued)

	12 months ended 31 March 2006	5 months ended 31 March 2005 £
Profit on ordinary activities before tax	546,055	154,830
Tax at 30% thereon	(163,816)	(46,449)
Effects of:		
Expenses not deductible for tax purposes	(74)	(414)
Capital allowances in excess of depreciation	(11,119)	(23,956)
Other deferred tax movements	(1,133)	(7,085)
Group relief claimed	176,142	77,604
Current tax charge for period	-	-

The deferred tax asset arising on the timing difference in the corporation tax computation has not been recognised due to the uncertainty surrounding the ability of the company to recover that asset (note 11).

8. TANGIBLE FIXED ASSETS

	Test Equipment £	Computer Equipment & Software £	Office Equipment £	Total £
Cost				
At 1 April 2005	354,575	62,470	1,595	418,640
Additions	41,750	177,683	2,877	222,310
At 31 March 2006	396,325	240,153	4,472	640,950
Accumulated depreciation				
At 1 April 2005	75,479	2,669	222	78,370
Charge for year	137,659	58,263	1,380	197,302
At 31 March 2006	213,138	60,932	1,602	275,672
Net book value at 31 March 2006	183,187	179,221	2,870	365,278
Net book value at 31 March 2005	279,096	59,801	1,373	340,270

Due to cessation of operations after the balance sheet date, the fixed assets have been written down to their Net Realisable Value. This resulted in an additional depreciation of £8,051 in the period to 31 March 2006.

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2006

9. DEBTORS

	2006	2005
	£	£
Amount recoverable in less than one year:		
Trade debtors	1,312,540	2,402,541
Other debtors	370,365	127,288
Prepayments and accrued income	132,176	2,100
Amount owed by group companies	504,000	20,024
Deferred tax asset (note 11)	-	31,039
	<u>2,319,081</u>	<u>2,582,992</u>

10. CREDITORS: amounts falling due within one year

	2006	2005
	£	£
Bank overdraft	623	-
Trade creditors	210,632	73,176
Other taxes and social security costs	289,963	436,992
Other creditors	27,390	31,898
Accruals and deferred income	449,971	545,005
Amounts owed to group companies	647,487	1,341,901
	<u>1,626,066</u>	<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:

	2006	2005
	£	£
Movement on deferred taxation balance in the period		
Opening balance at 1 April 2005	31,039	-
(Charge)/credit to profit and loss account	(31,039)	31,039
Closing balance at 31 March 2006	<u>-</u>	<u>31,039</u>

Analysis of deferred tax balance

	Unprovided		Provided	
	2006	2005	2006	2005
	£	£	£	£
Capital allowances in excess of depreciation	97,487	-	-	23,954
Short term timing differences	8,217	-	-	7,085
Deferred tax asset	<u>105,704</u>	<u>-</u>	<u>-</u>	<u>31,039</u>

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **For the year ended 31 March 2006**

12. CALLED UP SHARE CAPITAL

Authorised

	2006	2005
	£	£
100 ordinary shares of £1 each	100	100

Allotted, called up and fully paid

	2006	2005
	£	£
2 ordinary shares of £1 each	2	2

13. STATEMENT OF MOVEMENT ON RESERVES

	Share premium account	Capital contribution	Profit and loss account	Total
	£	£	£	£
At 1 April 2005	237,406	120,000	185,869	543,275
Profit for the financial year	-	-	515,016	515,016
At 31 March 2006	237,406	120,000	700,885	1,058,291

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2006	2005
	£	£
Issue of ordinary share capital	-	2
Share premium	-	237,406
Capital contribution	-	120,000
Profit for the financial period	515,016	185,869
Net addition to shareholders' funds	515,016	543,277
Opening shareholders' funds	543,277	-
Closing shareholders' funds	1,058,293	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 year amounted to £186,926 (5 month period ended 31 March 2005: £81,159). Amounts outstanding at the year end amounted to £27,390 (2005: £23,615).

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2006

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.