

Company Registration No:NI 51794



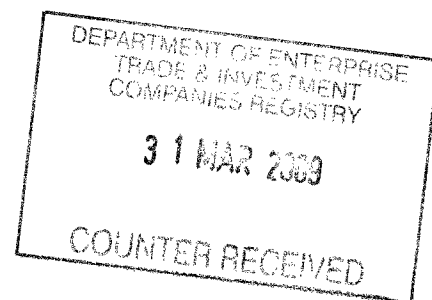
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FLEXTRONICS (UK) DESIGN SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS

31 March 2007



FLEXTRONICS (UK) DESIGN SERVICES LIMITED

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FLEXTRONICS (UK) DESIGN SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Toye (appointed 29/10/04, resigned 31/5/06)
A Farha (appointed 31/1/06, resigned 7/5/08)
R Foskin (appointed 31/1/06)
E Johnston (appointed 7/5/08)
F KcKay (appointed 7/5/08)

SECRETARY

R Foskin (appointed 20/5/05, resigned 26/4/07)
Beach Secretaries Limited (appointed 27/4/07)

REGISTERED OFFICE

Nitec Building
Nortel Complex
Newtownabbey
BT36 6XA

INDEPENDENT AUDITORS

Arthur Boyd & Company
Franklin House
12 Brunswick Street
Belfast
BT2 7GE

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 2007.

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 was the provision of Design Services to the Telecoms Infrastructure Industry.

BUSINESS REVIEW AND FUTURE PROSPECTS

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

Turnover for the year ended 31 March 2007 amounted to £5,140,972 (year ended 31 March 2006: £5,284,654) and operating loss £556,455 (2006 profit : £596,539).

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 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 currently are 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 loss for the year attributable to shareholders amounts to £563,394 (2006 profit: £515,016). 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.

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

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

Arthur Boyd & Co were appointed as auditors by the board on 26 September 2008

By order of the Board



Director

Date : 27.3.09

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 2007 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

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 Accounting (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 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 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.

Limitation on Scope – Disclaimer of Opinion

Due to the cessation of the company prior to our initial engagement as auditors for the company it has not been possible to gain access to the computerised accounting system used in the maintenance of accounting records.

This issue has been exacerbated by the fact the Financial Controller employed during the year left the company not long after the year end and has not been available for consultation.

As a result of the above we were unable to satisfy ourselves in relation to various entries in the accounting records and therefore the resultant figures in the financial statements.

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

We were unable to obtain satisfactory audit evidence in relation to these figures by any other audit procedures.
As a result of the matters referred to above we are unable to form an opinion on the financial statements.

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

We draw attention to note 1 to the accounts, which states that the financial statements have been prepared on the basis that the company is no longer a going concern and describes the reason why. Our opinion is not qualified in this respect.


ARTHUR BOYD & COMPANY
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 2007

	Note	2007 £	2006 £
TURNOVER	2	5,140,972	5,284,654
Cost of sales		(4,445,631)	(3,569,882)
GROSS PROFIT		695,341	1,714,772
Administrative expenses		(1,251,796)	(1,118,233)
OPERATING (LOSS)/PROFIT	3	(556,455)	596,539
Interest receivable and similar income		50,280	18,023
Interest payable and similar charges	6	(79,285)	(68,507)
Other income		22,066	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(563,394)	546,055
Taxation	7	-	(31,039)
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	14	(563,394)	515,016

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

There are no recognised gains and losses other than the profit/(loss) 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 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Tangible assets	8	<u>370,337</u>	<u>365,278</u>
CURRENT ASSETS			
Debtors	9	2,096,539	2,319,081
Cash at bank and in hand		<u>-</u>	<u>-</u>
		2,096,539	2,319,081
CREDITORS : amounts falling due within one year	10	<u>(1,971,977)</u>	<u>(1,626,066)</u>
NET CURRENT ASSETS		<u>124,562</u>	<u>693,015</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>494,899</u>	<u>1,058,293</u>
NET ASSETS		<u>494,899</u>	<u>1,058,293</u>
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	<u>137,491</u>	<u>700,885</u>
SHAREHOLDERS' FUNDS	14	<u>494,899</u>	<u>1,058,293</u>

These financial statements were approved by the Board of Directors on 27 - 3 - 07

Signed on behalf of the Board of Directors


Director

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2007

1. ACCOUNTING POLICIES

The principle accounting policies are summarised below. They have been applied consistently throughout the year and preceeding 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 to trade after the balance sheet date and the financial statements have been prepared on a basis other than that of 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.

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.

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2007

Taxation (continued)

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

	2007 £	2006 £
Operating profit is stated after charging:		
Depreciation - own assets	172,513	197,302
Auditors' remuneration – audit fees	18,334	10,577
Exchange gain/(loss)	31,157	(241,807)

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 year ended 31 March 2007

5. INFORMATION REGARDING EMPLOYEES

	2007	2006
	No.	No.
Average number of persons employed by the company (including directors):		
Consultancy / Design Services	63	63
Administration	3	3
	<u>66</u>	<u>66</u>
	£	£
Staff costs incurred during the period:		
Wages and salaries	2,821,009	2,817,562
Social security costs	263,824	263,398
Pension costs (note 15)	176,171	186,926
	<u>3,261,004</u>	<u>3,267,886</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£	£
Interest payable on loans from group companies	77,300	68,428
Interest payable on current accounts	1,985	79
	<u>79,285</u>	<u>68,507</u>

7. TAXATION

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

	2007	2006
	£	£
Deferred taxation		
Origination and reversal of timing differences	-	31,039
	<u>-</u>	<u>31,039</u>

The standard rate of tax for the period, based on the UK standard rate of Corporation Tax is 30%. There is no actual actual tax charge for the current period due to the trading losses in the year.

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **For the year ended 31 March 2007**

7. TAXATION (Continued)

	2007 £	2006 £
(Loss)/Profit on ordinary activities before tax	(563,394)	546,055
Tax at 30% thereon	-	(163,816)
Effects of:		
Expenses not deductible for tax purposes	-	(74)
Capital allowances in excess of depreciation	-	(11,119)
Other deferred tax movements	-	(1,133)
Group relief claimed	-	176,142
Current tax charge for period	-	-

8. TANGIBLE FIXED ASSETS

	Test Equipment £	Computer Equipment & Software £	Office Equipment £	Total £
Cost				
At 1 April 2006	396,325	240,153	4,472	640,950
Additions	12,722	164,850	-	177,572
At 31 March 2007	409,047	405,003	4,472	818,522
Accumulated depreciation				
At 1 April 2006	213,138	60,932	1,602	275,672
Charge for year	60,642	110,380	1,491	172,513
At 31 March 2007	273,780	171,312	3,093	448,185
Net book value at 31 March 2007	135,267	233,691	1,379	370,337
Net book value at 31 March 2006	183,187	179,221	2,870	365,278

9. DEBTORS

	2007 £	2006 £
Amount recoverable in less than one year:		
Trade debtors	1,187,007	1,312,540
Other debtors	9,236	370,365
Prepayments and accrued income	804,799	132,176
Amount owed by group companies	95,497	504,000
Deferred tax asset (note 11)	-	-
	2,096,539	2,319,081

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **For the year ended 31 March 2007**

10. CREDITORS: amounts falling due within one year

	2007	2006
	£	£
Bank overdraft	5,648	623
Trade creditors	80,378	210,632
Other taxes and social security costs	210,141	289,963
Other creditors	33,744	27,390
Accruals and deferred income	718,813	449,971
Amounts owed to group companies	923,253	647,487
	<u>1,971,977</u>	<u>1,626,066</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:

	2007	2006
	£	£
Movement on deferred taxation balance in the period		
Opening balance at 1 April 2006	-	31,039
(Charge)/credit to profit and loss account	-	(31,039)
Closing balance at 31 March 2007	<u>-</u>	<u>-</u>

Analysis of deferred tax balance

	2007	2006
	£	£
Capital allowances in excess of depreciation	123,376	97,487
Short term timing differences	-	8,217
Deferred tax asset	<u>123,376</u>	<u>105,704</u>

12. CALLED UP SHARE CAPITAL

Authorised

	2007	2006
	£	£
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid

	2007	2006
	£	£
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

FLEXTRONICS (UK) DESIGN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **For the year ended 31 March 2007**

13. STATEMENT OF MOVEMENT ON RESERVES

	Share premium account £	Capital contribution £	Profit and loss account £	Total £
At 1 April 2006	237,406	120,000	700,885	1,058,291
Loss for the financial year	-	-	(563,394)	(563,394)
At 31 March 2007	237,406	120,000	137,491	494,897

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Issue of ordinary share capital	-	-
Share premium	-	-
Capital contribution	-	-
(Loss)/Profit for the financial period	(563,394)	515,016
Net addition to shareholders' funds	(563,394)	515,016
Opening shareholders' funds	1,058,293	543,277
Closing shareholders' funds	494,899	1,058,293

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 £176,171 (2006: £186,926).

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