

COMPANY NO: 3633101

HOLDERS TECHNOLOGY UK LIMITED

ANNUAL REPORT

◆ *Year ended 30 November 2001* ◆



HOLDERS TECHNOLOGY UK LIMITED

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HOLDERS TECHNOLOGY UK LIMITED

COMPANY INFORMATION

Directors	R W Weinreich M McKemmie
Secretary	M McKemmie
Registered office	Northway House 1379 High Road Whetstone London N20 9LP
Website	www.holders.co.uk
Registered number	3633101
Auditors	RSM Robson Rhodes Chartered Accountants Daedalus House Station Road Cambridge CB1 2RE
Bankers	Barclays Bank plc Fortis Bank S.A./N.V.
Solicitors	Osmond, Gaunt & Rose Osbourne Clarke

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report and the audited financial statements for the year ended 30 November 2001.

Principal activities

The principal activity of the company is to provide specialised materials, equipment and services for the electronics and telecommunications industries.

Business review and future developments

Many of the company's customers have been affected by the recession in the electronics industry. This led to an 11% decline in the turnover to £4,869,000. Results were also adversely impacted by bad debts arising from the demise of Viasystems and Signum. Since the year end, both these businesses have resumed trading with the company, having been acquired by new owners.

Whilst the industry may take some time fully to recover, the directors believe that the company is well positioned to benefit when the cycle turns and demand recovers.

Results and dividends

The company made a profit on ordinary activities after taxation of £7,000 (2000: £265,000). The directors do not recommend the payment of a dividend (2000: £Nil).

Single European currency

The company continues its policy of considering and when appropriate reducing, its exposure to potential major currency fluctuations. The euro for the moment is considered as any other major currency.

Directors

The directors currently holding office are listed on page 1. All of the directors listed on page 1 served throughout the year. S A Brown resigned on 20 September 2001. The directors had no interest in the share capital of the company at the period end. Where the directors of the company are directors of the holding company any interests in the share capital of the holding company are disclosed in the accounts of that company. M McKemmie had no interests in the share capital of the holding company.

REPORT TO THE DIRECTORS (continued)

Statement of directors' responsibilities for the Annual Report

Company law in the United Kingdom requires the directors to prepare financial statements for each financial period 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 these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards; and
- prepared the financial statements on the going concern basis.

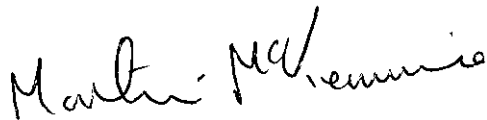
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.

Auditors

The auditors, RSM Robson Rhodes, are willing to continue in office and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

The report of the directors was approved by the Board on 25 February 2002 and signed on its behalf by:



M McKemmie
Secretary

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
OF HOLDERS TECHNOLOGY UK LIMITED**

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and the 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 the information contained in the Annual Report and 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 information outside the Annual Report.

Basis of audit 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 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 30 November 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

RSM Robson Rhodes

RSM Robson Rhodes
Chartered Accountants and Registered Auditors
Cambridge, England
25 February 2002

HOLDERS TECHNOLOGY UK LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 30 November 2001

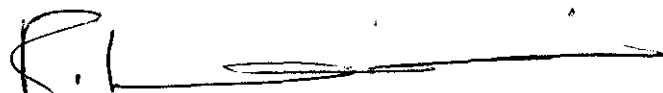
	Note	2001 £'000	2000 £'000
Turnover - continuing operations	2	4,869	5,455
Cost of sales		(3,769)	(4,123)
Gross profit		1,100	1,332
Distribution costs		(87)	(109)
Administrative expenses		(968)	(812)
Other operating income		5	(55)
Operating profit - continuing operations	5	50	356
Interest receivable		31	-
Interest payable	6	(12)	(8)
Profit on ordinary activities before taxation		69	348
Tax on profit on ordinary activities	7	(62)	(83)
Retained profit for the year	15	7	265

There were no other recognised gains or losses other than those reported above.

HOLDERS TECHNOLOGY UK LIMITED**BALANCE SHEET**
at 30 November 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Tangible assets	8	193	265
Current assets			
Stocks	9	758	978
Debtors	10	1,587	1,927
Cash at bank and in hand		166	84
		2,511	2,989
Creditors: Amounts falling due within one year	11	(2,138)	(2,683)
Net current assets		373	306
Total assets less current liabilities		566	571
Creditors: Amounts falling due after more than one year	12	-	(5)
Provision for liabilities and charges	13	(4)	(11)
		562	555
Capital and reserves			
Called up share capital	14	100	100
Profit and loss account	15	462	455
Equity shareholders' funds	16	562	555

The financial statements were approved by the Board on 25 February 2002 and signed on its behalf by:



R W Weinreich
Director

NOTES TO THE FINANCIAL STATEMENTS
30 November 2001

1. ACCOUNTING POLICIES

Basis of accounting

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

Turnover

Turnover comprises amounts invoiced during the year for goods and services supplied to third parties net of value added tax.

Depreciation

Depreciation is calculated to write off assets by equal instalments over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to the recoverable amount. Depreciation is calculated at the following rates:

Leasehold buildings	- over the period of the lease
Motor vehicles	- 20% on written down value
Plant and machinery	- 20% - 33% on written down value
Office equipment	- 25% on cost

Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Cost is determined on a first-in first-out basis. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. The company and certain subsidiaries are able to relieve their taxable losses by surrendering them where capacity to utilise losses exists. Such losses will be paid for by the recipient company at that company's marginal rate of tax. Full provision for deferred taxation is made.

Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the periods of the leases.

Assets held under finance leases are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

Foreign currencies

Assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at each period-end. All other currency differences are taken to the profit and loss account. Profits and losses on forward exchange contracts are recognised when the contracts mature.

NOTES TO THE FINANCIAL STATEMENTS
30 November 2001**1. ACCOUNTING POLICIES (continued)****Research expenditure**

Expenditure on pure and applied research is written off in the year it is incurred.

Cash flow statement

The company is exempt from publishing a cash flow statement as it is a wholly owned subsidiary of Holders Technology plc, which publishes a consolidated cash flow statement.

2. TURNOVER

An analysis of turnover by geographical market is as follows:

	2001	2000
	£'000	£'000
United Kingdom	4,397	4,712
Rest of Europe	394	624
Rest of World	78	119
	4,869	5,455

3. EMPLOYEES AND STAFF COSTS

	2001	2000
	£'000	£'000
Wages and salaries	312	339
Social security costs	28	31
	340	370

NOTES TO THE FINANCIAL STATEMENTS
30 November 2001**3. EMPLOYEES AND STAFF COSTS (continued)**

Average monthly number of employees, including directors:

	2001 Number	2000 Number
Administration and sales	6	8
Service and fabrication	11	11
	17	19
Part-time	2	2
	19	21

4. DIRECTORS' REMUNERATION

	2001 £'000	2000 £'000
Emoluments	38	47

The company makes no contributions to any pension scheme.

R W Weinreich is the Chairman of Holders Technology plc, the parent company. His remuneration is shown in that company's accounts in recognition of his overall services to the group.

S Brown is a director of Justfone Limited, a fellow group undertaking. His remuneration is shown in the Justfone Limited accounts in recognition that all of his services are performed for that company.

NOTES TO THE FINANCIAL STATEMENTS
30 November 2001**5. OPERATING PROFIT**

	2001 £'000	2000 £'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	67	76
Loss on disposal of fixed assets	-	2
Research and development costs	33	3
Exceptional item – provision against balance due from group undertaking	167	-
Operating leases - land buildings	50	50
Exchange differences	(5)	55
Auditors remuneration	9	8

6. INTEREST PAYABLE

	2001 £'000	2000 £'000
Bank overdraft	11	6
Finance lease	1	2
	12	8

7. TAXATION

	2001 £'000	2000 £'000
United Kingdom corporation tax		
Current tax on income for the year at 30% (2000: 30%)	75	112
Adjustment in respect of prior year	(6)	(25)
	69	87
Deferred taxation	(7)	(4)
Taxation charge for the year	62	83

The company paid £65,000 (2000: £55,000) to fellow group subsidiaries for taxation losses of £220,000 (2000: £182,000). The exceptional provision against a balance due from a group undertaking of £167,000 charged against operating profit is deemed disallowable for tax purposes.

NOTES TO THE FINANCIAL STATEMENTS
30 November 2001**8. TANGIBLE FIXED ASSETS**

	Leasehold land and buildings £'000	Motor vehicles £'000	Plant and machinery £'000	Office equipment £'000	Total £'000
Cost					
At 1 December 2000	94	71	385	123	673
Additions	-	-	-	8	8
Disposals	-	-	(21)	(17)	(32)
At 30 November 2001	94	71	364	120	649
Depreciation					
At 1 December 2000	13	23	289	83	408
Provided in year	9	11	27	20	67
Disposals	-	-	(8)	(11)	(19)
At 30 November 2001	22	34	308	92	456
Net book value					
At 30 November 2001	72	37	56	28	193
At 30 November 2000	81	48	96	40	265

The net book value of tangible fixed assets includes £22,000 (2000: £27,000) in respect of assets held under finance leases. Depreciation charged in the year on those assets amounted to £5,000 (2000: £6,000).

9. STOCKS

	2001 £'000	2000 £'000
Goods for resale	758	978

The replacement cost of the above stocks would not be significantly different from the values stated.

NOTES TO THE FINANCIAL STATEMENTS
30 November 2001**10. DEBTORS**

	2001	2000
	£'000	£'000
Trade debtors	874	1,428
Amounts due from group undertakings	692	485
Other debtors	21	14
	1,587	1,927

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001	2000
	£'000	£'000
Bank overdraft	-	27
Finance lease obligations	5	11
Borrowing due within one year	5	38
Trade creditors	447	568
Amounts due to group undertakings	1,577	1,902
Corporation tax	25	57
Other taxation and social security	39	31
Accruals	45	87
	2,138	2,683

The bank overdraft is secured by a multi-lateral guarantee between the parent company and the other main trading subsidiaries. Finance lease obligations are secured on the assets concerned.

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001	2000
	£'000	£'000
Finance lease obligations - due between one and five years	-	5

NOTES TO THE FINANCIAL STATEMENTS
30 November 2001**13. PROVISION FOR LIABILITIES AND CHARGES**

	Deferred taxation £'000
At 1 December 2000	11
Transfer to profit and loss account	(7)
At 30 November 2001	4

Deferred tax is fully provided in the accounts and is analysed as follows:

	2001 £'000	2000 £'000
Accelerated capital allowances	4	11

14. SHARE CAPITAL

	2001 £'000	2000 £'000
Authorised		
100,000 ordinary shares of £1 each	100	100
Allotted and fully paid		
100,000 ordinary shares of £1 each	100	100

15. RESERVES

	Profit and loss account £ '000
At 1 December 2000	455
Retained profit for the financial year	7
At 30 November 2001	462

NOTES TO THE FINANCIAL STATEMENTS**30 November 2001****16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2001 £'000	2000 £'000
Profit for the financial year	7	265
Opening shareholders' funds	555	290
Closing shareholders' funds	562	555

17. FINANCIAL COMMITMENTS**Operating lease commitments**

The annual commitments under operating leases are analysed according to the period in which each lease expires, as follows:

	2001 £'000	2000 £'000
Land and buildings		
- within one to five years	51	39

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the disclosure exemption in relation to transactions with group companies that are 90% or more owned by the parent company.

During the year the company provided £107,000 (2000: £138,000) to Justfone Limited to assist with the management of working capital. Justfone Limited surrendered taxation losses of £204,000 (2000: £100,000) to the company for £60,000 (2000: £30,000) consideration. Interest of £12,000 (2000: £nil) was charged to Justfone Limited in respect of the total balance owing to the company. At 30 November 2001 £167,000 (2000: £108,000) was due to the company in respect of these transactions. The company has made a provision of £167,000 against the amount due from Justfone Limited.

Justfone Limited is a related party due to it being an 81% owned subsidiary of Holders Technology plc.

19. PARENT COMPANY AND CONTROLLING PARTY

The parent company is Holders Technology plc, a company incorporated in England and Wales. It is situated at the address shown on page 1 and its financial statements may be obtained from Companies House in Cardiff.

In the opinion of the directors, R W Weinreich is the ultimate controlling party by virtue of his shareholding in the parent company.