

COMPANY NO:3633101

Holdings Technology UK Limited

Annual Report

Year ended 30 November 2004



Contents

Section	Page
Company Information	1
Report of the Directors	2
Independent Auditors' Report to the Shareholders of Holders Technology UK Limited	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6

Company Information

Directors	R W Weinreich J S Shawyer M R Batsch
Secretary	J S Shawyer
Registered office	Northway House 1379 High Road Whetstone London N20 9LP
Registered number	3633101
Auditors	RSM Robson Rhodes LLP Chartered Accountants Daedalus House Station Road Cambridge CB1 2RE
Bankers	Barclays Bank plc Fortis Bank S.A./N.V.

Report of the Directors

The directors have pleasure in submitting their report and the audited financial statements for the year ended 30 November 2004.

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

Despite a difficult economic environment, the company increased its turnover by 12.9% to £4,409,000. The withdrawal of erstwhile competitors from the market in part facilitated the growth in turnover realised in the year. A greater focus on sales coverage was also beneficial.

Trading in the second half of 2004 was slower than in the first half and that slower pace of activity has continued into the first quarter of the current year. Nevertheless, the directors are hopeful of a satisfactory outcome for the current year.

Results and dividends

The company made a profit on ordinary activities after taxation of £428,000 (2003: £615,000). The directors recommend payment of a dividend of £400,000 (2003: £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 served throughout the year with the exception of J S Shawyer who was appointed in April 2004 and M R Batsch who was appointed in November 2004. M McKemmie resigned as a director in April 2004. The directors had no interest in the share capital of the company at the year 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.

Statement of directors' responsibilities for the financial statements

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 are required to:

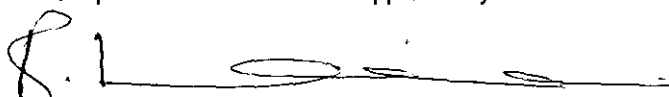
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; 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 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.

Auditors

RSM Robson Rhodes LLP are willing to continue in office. 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 9 March 2005 and signed on its behalf by:



R W Weinreich
Director

Independent Auditors' Report to the Shareholders of Holders Technology UK Limited

We have audited the financial statements on pages 4 to 13.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's 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 shareholders 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 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 Directors Report and consider the implications for our report if we become aware of any apparent misstatements within it.

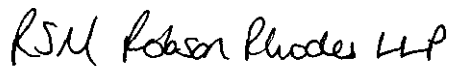
Basis of audit opinion

We conducted our audit in accordance with 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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes LLP
Chartered Accountants and Registered Auditors
Cambridge, England
9 March 2005

Profit and Loss Account

For the year ended 30 November 2004

	Note	2004 £'000	2003 £'000
Turnover - continuing operations	2	4,409	3,906
Cost of sales		(3,100)	(2,866)
Gross profit		1,309	1,040
Distribution costs		(87)	(59)
Administrative expenses		(689)	(528)
Exceptional items – provisions against group balances	5	-	286
Other operating income		(7)	9
Operating profit - continuing operations	6	526	748
Interest receivable		17	25
Interest payable	7	(3)	(4)
Profit on ordinary activities before taxation		540	769
Tax on profit on ordinary activities	8	(112)	(154)
Profit for the year		428	615
Dividends	9	(400)	-
Retained profit for the year		28	615

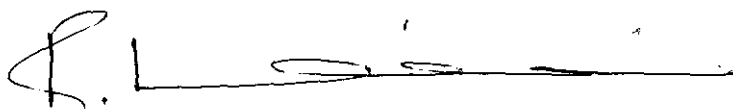
There were no other recognised gains or losses other than those reported above.

Balance Sheet

At 30 November 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	10	179	226
Current assets			
Stocks	11	469	469
Debtors	12	1,452	1,308
Cash at bank and in hand		115	102
		2,036	1,879
Creditors: amounts falling due within one year	13	(1,065)	(983)
Net current assets		971	896
Net assets		1,150	1,122
Capital and reserves			
Called up share capital	15	100	100
Profit and loss account	16	1,050	1,022
Equity shareholders' funds	17	1,150	1,122

The financial statements were approved by the Board on 9 March 2005 and signed on its behalf by:



R W Weinreich
Director

Notes to the Financial Statements

30 November 2004

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 without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

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.

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.

Notes to the Financial Statements

30 November 2004

2. Turnover

An analysis of turnover by geographical market is as follows:

	2004 £'000	2003 £'000
United Kingdom	4,059	3,638
Rest of Europe	342	267
Rest of World	8	1
	4,409	3,906

3. Employees

	2004 £'000	2003 £'000
Wages and salaries	297	227
Social security costs	27	21
Other pension costs	2	2
	326	250

Other pension costs represent company contributions to certain employees' stakeholder pension plans.

Average monthly number of employees, including directors

	2004 No	2003 No
Administration and sales	5	3
Service and fabrication	8	8
	13	11
Part-time	1	2
	14	13

Notes to the Financial Statements

30 November 2004

4. Directors

	2004 £'000	2003 £'000
Emoluments	22	39
Pension costs	-	1
	<u>22</u>	<u>40</u>

R W Weinreich and J S Shawyer are both directors of Holders Technology plc, the parent company and they are remunerated by that company in recognition of their overall services to the group.

5. Exceptional Items

	2004 £'000	2003 £'000
Release of provision against balances due from group undertakings	-	(286)
	<u>-</u>	<u>(286)</u>

The provisions against balances due from group undertaking relate to balances due from Justfone Limited. During the previous year, the parent company disposed of its interest in Justfone Limited. As part of the transaction, the amounts due to the company were settled and consequently the provisions made were reversed.

6. Operating Profit

Operating profit is stated after charging / (crediting):

	2004 £'000	2003 £'000
Depreciation of tangible fixed assets	68	62
Impairment of tangible fixed assets	33	-
Profit on disposal of tangible fixed asset	-	(1)
Operating leases - land buildings	53	51
Exchange differences	(7)	(9)
Auditors remuneration	10	9
	<u>157</u>	<u>162</u>

Notes to the Financial Statements

30 November 2004

7. Interest Payable

	2004 £'000	2003 £'000
Bank overdraft	3	4
	<u> </u>	<u> </u>

8. Taxation

	2004 £'000	2003 £'000
United Kingdom corporation tax		
Current tax on income for the year at 30% (2003: 30%)	175	142
Adjustment in respect of prior year	(44)	12
	<u> </u>	<u> </u>
Current taxation	131	154
Deferred taxation	(19)	-
	<u> </u>	<u> </u>
Taxation charge for the year	<u>112</u>	<u>154</u>

Current taxation reconciliation

	2004 £'000	2003 £'000
Profit on ordinary activities before taxation	540	769
	<u> </u>	<u> </u>
Theoretical tax at UK corporation tax rate of 30% (2003: 30%)	162	231
Effects of:		
Accelerated capital allowances	9	(3)
Expenses not deductible for taxation purposes	4	(86)
Adjustments in respect of prior years	(44)	12
	<u> </u>	<u> </u>
	<u>131</u>	<u>154</u>

The company paid £nil (2003: £85,000) to fellow group subsidiaries for taxation losses of £nil (2003: £283,000). The exceptional operating items (note 5) in relation to a balance due from a group undertaking are deemed disallowable for tax purposes.

Notes to the Financial Statements

30 November 2004

9. Dividends

	2004 £'000	2003 £'000
Proposed		
Ordinary dividend of £4.00 per share (2003: £nil)	400	-

10. Tangible Fixed Assets

	Leasehold land and buildings £'000	Motor vehicles £'000	Plant and machinery £'000	Office equipment £'000	Total £'000
Cost					
At 1 December 2003	94	48	529	117	788
Additions	-	13	37	5	55
Disposals	-	-	-	(1)	(1)
At 30 November 2004	94	61	566	121	842
Depreciation					
At 1 December 2003	40	27	390	105	562
Provided in year	8	7	49	4	68
Impairment	-	-	33	-	33
At 30 November 2004	48	34	472	109	663
Net book value					
At 30 November 2004	46	27	94	12	179
At 30 November 2003	54	21	139	12	226

11. Stocks

	2004 £'000	2003 £'000
Goods for resale	469	469

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

Notes to the Financial Statements

30 November 2004

12. Debtors

	2004 £'000	2003 £'000
Trade debtors	935	997
Amounts due from group undertakings	474	159
Amounts due from associate undertaking	-	141
Other debtors (including deferred taxation – note 14)	43	11
	<u>1,452</u>	<u>1,308</u>

13. Creditors: Amounts Falling Due Within One Year

	2004 £'000	2003 £'000
Bank overdraft	6	-
Trade creditors	379	248
Amounts due to group undertakings	6	553
Corporation tax	175	70
Other taxation and social security	51	31
Proposed dividends	400	-
Accruals	48	81
	<u>1,065</u>	<u>983</u>

14. Deferred Taxation

	£'000
At 1 December 2003	-
Transfer to profit and loss account	(19)
	<u>(19)</u>
At 30 November 2004	(19)

Deferred taxation (assets) are included within other debtors (note 12). Deferred taxation comprises the following (assets) / liabilities:

	Amounts provided		Amounts not provided	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Accelerated capital allowances	(19)	-	-	-
	<u>(19)</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

30 November 2004

15. Share Capital

	2004 £'000	2003 £'000
Authorised		
100,000 ordinary shares of £1 each	100	100
Allotted and fully paid		
100,000 ordinary shares of £1 each	100	100

16. Reserves

	Profit and loss account £'000
At 1 December 2003	1,022
Retained profit for the financial year	28
At 30 November 2004	1,050

17. Reconciliation of Movements in Shareholders' Funds

	2004 £'000	2003 £'000
Profit for the financial year	428	615
Dividends	(400)	-
Increase in shareholders funds	28	615
Opening shareholders' funds	1,122	507
Closing shareholders' funds	1,150	1,122

Notes to the Financial Statements

30 November 2004

18. Financial Commitments

Operating lease commitments

The annual commitments under operating leases are as follows:

	2004 £'000	2003 £'000
Land and buildings, leases expiring within one year	6	-
within one to five years	51	51

19. 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.

20. Contingent liabilities

The company is party to a multi-lateral guarantee between the parent company and the other main trading subsidiaries.

21. Parent Company

The parent company is Holdings 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.