

Assembléon United Kingdom Limited

Directors' report and financial statements

31st December 2001

Registered number 4000607



PHILIPS

Assembléon United Kingdom Limited

Directors' Report and Financial Statements

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Assembléon United Kingdom Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31st December 2001.

Principal Activities

The principal activity of the company is the supply and service of surface mount technology equipment.

The company was incorporated on 24th May 2000. It started trading on 1st January 2001 when all the assets and liabilities of Philips EMT, a division of Philips Electronics UK Limited were acquired by Assembléon UK Ltd.

Review of the Business

The company's results for the year are set out in the profit and loss account on page 6.

Directors and Directors' Interests

The directors who held office during the year were as follows:

M G Morris	(appointed 1 January 2001)
M R Armstrong	(resigned 1 January 2001)
J J Gale	(appointed 1 January 2001, resigned 21 March 2002)
T Van de Kerkhof	(appointed 1 January 2001)
R O'Dell	(appointed 3 April 2002)

None of the directors who held office during the financial year had any disclosable interest in the shares and debentures of the company or any other group company.

Proposed Dividend

No interim dividend has been declared and no final dividend is proposed in respect of the year ended 31st December 2001 (2000 £nil).

Political and Charitable Contributions

The company made no political or charitable contributions during the year.

Auditors

KPMG were appointed auditors at the last Annual General Meeting. However, since that date their business was transferred to a limited liability partnership, KPMG LLP. Accordingly, KPMG resigned as auditors on 16th May 2002 and the directors thereupon appointed KPMG LLP to fill the vacancy arising. A resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Assembléon United Kingdom Limited

Directors' Report (continued)

Directors' Responsibilities

Company law 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 for that period.

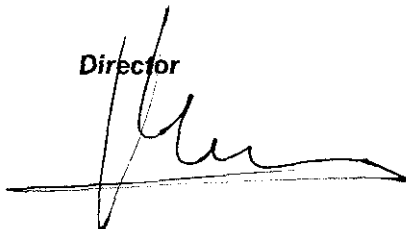
In preparing those financial statements, the directors are required to:-

- 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, 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By the order of the board

Director



4 March 2003

The Philips Centre
420-430 London Road
Croydon
Surrey CR9 3QR



Report of the independent auditors, KPMG LLP, to the members of Assembléon United Kingdom Limited

We have audited the financial statements on pages 6 to 20.

This report is made solely to the company's members, 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 group's members 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 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 are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit opinion

We conducted our audit in accordance with 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 the company's affairs as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP

Chartered Accountants

Registered Auditor

1 May 2003

Cambridge

Assembléon United Kingdom Limited

Profit and Loss Account for the year ended 31st December 2001

	Notes	Year to 31 December 2001 £'000	7 month period to 31 December 2000 £'000
Turnover	2	2,632	0
Net operating costs			
Change in stocks of finished goods		37	0
Other operating income		19	0
Raw materials, finished goods and consumables		(1,863)	0
Staff costs	4	(670)	0
Depreciation and other amounts written off tangible and intangible fixed assets		(1,207)	0
Other operating charges		(555)	0
Operating loss	3	(1,607)	0
Other interest receivable and similar income	6	11	0
Loss on ordinary activities before taxation		(1,596)	0
Tax on loss on ordinary activities	7	(34)	0
Retained loss for the financial year	15	(1,630)	0

The notes on pages 8 to 20 form part of these financial statements.

All amounts relate to acquisitions.

The company has had no recognised gains or losses other than the loss for the year as reported above.

Assembléon United Kingdom Limited

Balance sheet at 31st December 2001

	Notes	2001		2000	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	8		0		0
Tangible assets	9		112		0
			<u>112</u>		<u>0</u>
Current assets					
Stocks	10	37		0	
Debtors	11	960		0	
Cash at bank and in hand		36		0	
		<u>1,033</u>		<u>0</u>	
Creditors: amounts falling due within one year	12	(419)		0	
Net current assets			<u>614</u>		<u>0</u>
Total assets less current liabilities			<u>726</u>		<u>0</u>
 Provisions for liabilities and charges	13		(56)		0
Net assets			<u><u>670</u></u>		<u><u>0</u></u>
Capital & reserves					
Called up share capital	14		30		0
Share premium account	15		2,270		0
Profit and loss account	15		(1,630)		0
Equity shareholders' funds			<u><u>670</u></u>		<u><u>0</u></u>

The notes on pages 8 to 20 form part of these financial statements.

These financial statements were approved by the board of directors on 4 March 2003 and were signed on its behalf by:

Director



Director



Assembléon United Kingdom Limited

Notes (forming part of the financial statements)

1 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

a) Cashflow Statement

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cashflow statement on the grounds that it is a wholly owned subsidiary of Koninklijke Philips Electronics NV, whose consolidated financial statements are publicly available (see note 18).

b) Related Party Disclosures

The company is exempt from the requirements of Financial Reporting Standard 8, Related Party Disclosures, insofar as they apply to transactions with group undertakings, as it is a wholly owned subsidiary of Koninklijke Philips Electronics NV whose consolidated financial statements are publicly available (see note 18).

Intangible fixed assets

Goodwill

The excess of the cost of acquisitions over the fair value of the underlying net assets is amortised over its useful economic life of 5 years.

Tangible fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

	% per annum
Fixtures, fittings, tools and equipment	33
Leasehold improvements	Life of lease

Assembléon United Kingdom Limited

Notes (continued)

1 Accounting Policies (continued)

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. Transactions in foreign currencies accounted for in the profit and loss account are recorded using the rate of exchange ruling at the date of the transaction.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision is made for net deferred tax liabilities but it is not the company's policy to recognise any net deferred tax asset in the accounts.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

Assembléon United Kingdom Limited

Accounting Policies (continued)

Pension costs and other post retirement benefits

The following paragraphs are extracted from the financial statements of Philips Electronics UK Limited which sponsors the pension fund of which the company is a member.

"The company is a member of a group pension scheme and its contributions to the funds are based on a common rate throughout the group. Pensions are provided under a defined benefit scheme operated by the group. The assets of the scheme are held separately from those of the company in a trustee administered fund. Charges are made to the profit and loss account at a regular ongoing cost.

Periodic adjustments to the fund are charged or credited to the profit and loss account over the average remaining service lives of employees, the excess or deficiency of the adjusted pension cost over actual contributions to the fund being equalised over the same period through provisions or prepayments respectively.

The calculation of the periodic adjustments is not performed in accordance with the requirements of Statement of Standard Accounting Practice No.24 "Accounting for Pension Costs" as it takes into account not only the experience variation relating to the company but also those relating to employees whose employment costs are otherwise charged to the company's subsidiary undertakings. The directors are of the opinion that this departure from the Standard has no material effect on the accounts.

The company also operates a defined contribution scheme, and the contributions payable for the financial year are charged to the profit and loss account.

The cost of providing other post retirement benefits is recognised on a basis similar to that adopted for pensions."

Assembléon United Kingdom Limited

Notes (continued)

2 Analysis of turnover

The company's activities fall within the one business segment of supply and service of surface mount technology equipment.

Turnover, all of which is of United Kingdom origin, is analysed by the geographical destinations shown below:

	2001 £'000	2000 £'000
United Kingdom	2,365	0
EU excluding United Kingdom	267	0
	<u>2,632</u>	<u>0</u>

3 Operating Loss

	2001 £'000	2000 £'000
<i>Operating loss is stated after charging</i>		

Auditors' remuneration:

- audit	11	0
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Depreciation and other amounts written-off

tangible fixed assets:

- owned	25	0
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intangible fixed assets

1,182	0
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Rentals payable under operating leases:

- other assets	120	0
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and after crediting

Foreign exchange trading gains	(19)	0
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Assembléon United Kingdom Limited

Notes (continued)

4 Staff costs and numbers

The average monthly number of persons employed by the company (including directors) during the year was 17 (2000: nil).

	Numbers of employees	
	2001	2000
Sales	3	0
Administration	6	0
Engineering	8	0
	<u>17</u>	<u>0</u>

The aggregate payroll costs of these persons were as follows:

	2001	2000
	£'000	£'000
Wages and salaries	605	0
Social security costs	64	0
Other pension costs	1	0
	<u>670</u>	<u>0</u>

The company participates in the group pension scheme operated by Philips Electronics UK Limited. The pension cost for the year has been calculated by allocating the group pension charge by reference to the number of employees of Assembléon United Kingdom Limited who are members of the group pension scheme. The details of the group pension scheme are disclosed in the financial statements of Philips Electronics UK Limited. Contributions are charged to the profit and loss account as they become payable. The company has followed an actuarial recommendation that pension contributions should be suspended from 1 October 1990 until 31 December 2001.

Assembléon United Kingdom Limited

Notes (continued)

5 Remuneration of directors

	2001 £'000	2000 £'000
Aggregate emoluments	<u>49</u>	<u>0</u>

Retirement benefits are accruing to one director (2000: no directors) under a defined scheme.

6 Other interest receivable and similar income

	2001 £'000	2000 £'000
Receivable from group undertakings	<u>11</u>	<u>0</u>

7 Taxation

	2001 £'000	2000 £'000
Deferred Tax	<u>34</u>	<u>0</u>

No corporation taxation charge arises in the year owing to the loss making position of the company. Tax Losses of £458,000 will be carried forward.

Assembléon United Kingdom Limited

8 Intangible fixed assets

Goodwill

£'000

Cost

Acquired from group undertaking 1,182

At end of year 1,182

Depreciation and diminution in value

Charge for year 243

Impairment 939

At end of year 1,182

Net book value

at 31st December 2001 0

Net book value

at 31st December 2000 0

A review of the carrying value of goodwill during the year resulted in an impairment loss of £939,000

Assembléon United Kingdom Limited

Notes (continued)

9 Tangible fixed assets

	Leasehold improvements £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost			
Acquired from fellow subsidiary	144	94	238
Disposals	0	(50)	(50)
At end of year	144	44	188
Depreciation and diminution in value			
Acquired from fellow subsidiary	20	81	101
Charge for year	16	9	25
Disposals	0	(50)	(50)
At end of year	36	40	76
Net book value			
at 31st December 2001	108	4	112
Net book value			
at 31st December 2000	0	0	0

Assembléon United Kingdom Limited

Notes (continued)

10 Stocks

	2001	2000
	£'000	£'000
Finished goods and goods for resale	37	0
	<u><u> </u></u>	<u><u> </u></u>

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

11 Debtors

	2001	2000
	£'000	£'000
Trade debtors	382	0
Amounts owed by group undertakings	565	0
Other debtors	12	0
Prepayments and accrued income	1	0
	<u><u> </u></u>	<u><u> </u></u>
	960	0
	<u><u> </u></u>	<u><u> </u></u>

Assembléon United Kingdom Limited

Notes (continued)

12 Creditors: amounts falling due within one year

	2001 £'000	2000 £'000
Trade creditors	9	0
Amounts owed to group undertakings	226	0
Other taxation and social security	33	0
Other creditors	36	0
Accruals and deferred income	115	0
	<u>419</u>	<u>0</u>

13 Provisions for liabilities and charges

	Transfer from group undertakings £'000	Utilised £'000	Charge to profit & loss account £'000	At end of year £'000
Long service awards	17	0	(6)	11
Other provisions	114	(69)	0	45
Deferred taxation	<u>(34)</u>	<u>0</u>	<u>34</u>	<u>0</u>
	<u>97</u>	<u>(69)</u>	<u>28</u>	<u>56</u>

The provision for long service awards is calculated by the company's actuaries and is based on the anticipated service lives of existing employees.

The company has a potential deferred tax asset of £137K (2000:nil) which has not been recognised in these accounts.

Assembléon United Kingdom Limited

Notes (continued)

14 Called up share capital

	2001 £	2000 £
Authorised ordinary shares of £1 each	30,000	30,000
Allotted, called up and fully paid ordinary shares of £1 each	<u>30,000</u>	<u>1</u>

15 Reconciliation of movements in shareholders' funds

	Share premium account £'000	Profit & loss account £'000	Total £'000
Premium on share issue	2,270	0	2,270
Loss for the year	0	(1,630)	(1,630)
At 31st December 2001	<u>2,270</u>	<u>(1,630)</u>	<u>640</u>

All shareholders' funds are attributable to equity interests.

Assembléon United Kingdom Limited

Notes (continued)

14 Called up share capital

	2001 £	2000 £
Authorised ordinary shares of £1 each	30,000	30,000
Allotted, called up and fully paid ordinary shares of £1 each	30,000	1
	<u>30,000</u>	<u>1</u>

During the year the company allotted 29,999 ordinary shares of £1 each
Cash consideration received was £2,300,000

15 Reconciliation of movements in shareholders' funds

	Share premium account £'000	Profit & loss account £'000	Total £'000
Premium on share issue	2,270	0	2,270
Loss for the year	0	(1,630)	(1,630)
At 31st December 2001	<u>2,270</u>	<u>(1,630)</u>	<u>640</u>

Assembléon United Kingdom Limited

Notes (continued)

16 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2001		2000	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire:				
inclusive	0	32	0	0
over five years	52	0	0	0
	<u>52</u>	<u>32</u>	<u>0</u>	<u>0</u>

17 Acquisition of business

On the 1st January 2001 the assets of Philips EMT, a division of Philips Electronics UK Limited were acquired by Assembléon United Kingdom Limited. The composition of the net assets is shown below:

	£'000
Tangible and intangible fixed assets	137
Current assets	
Debtors less provisions	1,109
Stock	584
Current liabilities	
Creditors and deferred income	(712)
Net assets	<u>1,118</u>
Cash consideration	<u>2,300</u>
Goodwill arising on acquisition	<u>1,182</u>

Assembléon United Kingdom Limited

Notes (continued)

18 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Assembléon BV, incorporated in the Netherlands. The ultimate controlling party is Koninklijke Philips Electronics NV, incorporated in the Netherlands.

The only group in which the results of the company are consolidated is that headed by Koninklijke Philips Electronics NV. The consolidated accounts of this group are available to the public and may be obtained from the Company Secretary, Philips Electronics UK Limited, The Philips Centre, 420-430 London Road, Croydon, Surrey, CR9 3QR.