

Schaltbau Machine Electrics Limited

**Directors' Report and financial
statements**

Registered number 06606708

31 December 2008

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Directors' Report

The directors present their Directors' Report and financial statements for the period ended 31 December 2008.

Principal activities

The Company was incorporated on 30 May 2008 and, on 24 July 2008, entered into an agreement to acquire the share capital of Machine Electrics Limited.

The trade and assets of Machine Electrics Limited were transferred into Schaltbau Machine Electrics Limited on 1 August 2008 and since this date, the principal activities of the Company have included the manufacture, repair and distribution of electrical components for use in a broad spread of industries.

Results and proposed dividend

The results for the period are set out in the Profit and Loss Account on page 6. The directors do not recommend the payment of a dividend.

Directors

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

Mr D Konrad (appointed 30 May 2008)
Mr P Hutchinson (appointed 3 June 2008)
Mr D Oxenham (appointed 29 August 2008)
Mr P Orrell (appointed 1 December 2008)

Employees

The Company's policy in relation to the employment of disabled persons is, where practicable, to continue to employ employees who become temporarily or permanently disabled. Full regard is given to their training needs, career development and promotion potential. Full and fair consideration is also given to the employment of applicants who are disabled persons, taking into account their aptitude and abilities.

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the period.

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' Report *(continued)*

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

A handwritten signature in black ink, appearing to be 'PH' followed by a stylized flourish.

Philip Hutchinson
Director

Whitefield Road
Bredbury
Cheshire
SK6 2RW

13 May 2009

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have 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.



KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of Schaltbau Machine Electrics Limited

We have audited the financial statements of Schaltbau Machine Electrics Limited for the period ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 sections 495 and 496 of the Companies Act 2006. 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 UK Accounting Standards (UK Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Directors' Responsibilities on page 3.

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, have been properly prepared in accordance with UK Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. 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 adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

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.

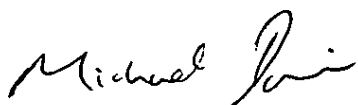
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Schaltbau Machine Electrics Limited *(continued)*

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 2008 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report is consistent with the financial statements.



Michael Davies (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

13 May 2009.

Profit and Loss Account
for the period ended 31 December 2008

	<i>Note</i>	Period from 30 May 2008 to 31 December 2008 £000
Turnover	2	1,483
Cost of sales		(1,021)
Gross profit		462
Administrative expenses		(592)
Operating loss	3	(130)
Income from shares in group undertakings		60
Other interest receivable and similar income	6	1
Interest payable and similar charges	7	(47)
Loss on ordinary activities before taxation	3	(116)
Tax on loss on ordinary activities	8	8
Loss for the financial period		(108)

There were no recognised gains and losses other than those shown above.

All amounts from turnover to operating profit relate to the acquisition of the trade and assets from Machine Electrics Limited and are continuing activities.

Balance Sheet
At 31 December 2008

	<i>Note</i>	2008 £000	2008 £000
Fixed assets			
Tangible assets	9		413
Investments	10		-
			413
Current assets			
Stocks	11	973	
Debtors	12	566	
Cash at bank and in hand		224	
Creditors: amounts falling due within one year	13	1,763 (716)	
Net current assets			1,047
Total assets less current liabilities			1,460
Creditors: amounts falling due after more than one year	14		(1,208)
Provisions for liabilities	15		(20)
Net assets			232
Capital and reserves			
Called up share capital	16		340
Profit and loss account	17		(108)
Shareholders' funds	18		232

These financial statements were approved by the board of directors on 13 May 2009 and were signed on its behalf by:



Philip Hutchinson
 Director

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 financial statements, except as noted below.

Basis of preparation

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

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As 100% of the Company's voting rights are controlled within the group headed by Schaltbau Holding AG, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Schaltbau Holding AG, within which this Company is included, can be obtained from the address given in note 23.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by Schaltbau GmbH, the Company's immediate parent. Schaltbau GmbH has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available. The directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off.

Tangible fixed assets and depreciation

Depreciation is provided 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:

Freehold buildings	-	2% per annum
Motor vehicles	-	25% per annum
Plant and machinery	-	15-33% per annum

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or 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.

Post-retirement benefits

The Company does not operate a defined contribution pension scheme, but does contribute into the personal pension plans of the directors. The amount charged to the profit and loss account represents the contributions payable to the plans in respect of the accounting period.

Notes (continued)

1 Accounting policies (continued)

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the period in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. For finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Taxation

The charge for taxation is based on the loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

2 Analysis of turnover

	2008 Turnover £000
<i>By geographical market</i>	
United Kingdom	328
Rest of Europe	775
Rest of World	380
	1,483

3 Notes to the profit and loss account

	2008 £000
<i>Loss on ordinary activities before taxation is stated after charging:</i>	
Depreciation and other amounts written off tangible fixed assets:	
Owned	38
Hire of plant and machinery – operating leases	1
Hire of other assets – operating leases	62
Research and development expenditure	1

Notes (continued)

3 Notes to the profit and loss account (continued)

	2008 £000
<i>Auditors' remuneration:</i>	
Audit of these financial statements	12

4 Remuneration of directors

	2008 £000
Directors' emoluments	73
Company contributions to money purchase pension schemes	7

Whilst there is no Company wide pension scheme, pension contributions were paid into personal pension plans for 3 directors during the period.

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	Number of employees 2008
Management and administration	18
Production and sales	27
	45

The aggregate payroll costs of these persons were as follows:

	2008 £000
Wages and salaries	373
Social security costs	43
Other pension costs	7
	423

6 Other interest receivable and similar income

	2008 £000
Other	1

Notes (continued)

7 Interest payable and similar charges

	2008 £000
On bank loans and overdrafts	44
Interest payable on loans from group undertakings	3
	47

8 Taxation

Analysis of charge in period

	2008 £000	2008 £000
<i>UK corporation tax</i>		
Current tax on income for the period	-	
Adjustments in respect of prior periods	-	
Total current tax		-
<i>Deferred tax (see note 15)</i>		
Origination/reversal of timing differences	8	
Total deferred tax		8
Tax on loss on ordinary activities		8

Factors affecting the tax charge for the current period

The current tax charge for the period is higher than the standard rate of corporation tax in the UK (28%). The differences are explained below.

	2008 £000
<i>Current tax reconciliation</i>	
Loss on ordinary activities before tax	(116)
Current tax at 28%	(32)
<i>Effects of:</i>	
Income not chargeable for tax purposes	(17)
Depreciation in excess of capital allowances	10
Losses carried forward	39
Total current tax charge (see above)	-

Factors that may affect future current and total tax charges

The Company has estimated tax losses of £139,000 available for carry forward against future trading profits.

Deferred tax assets of £39,000 have not been recognised as the future recovery is uncertain or not currently anticipated.

Notes (continued)

9 Tangible fixed assets

	Plant and machinery £000	Motor vehicles £000	Total £000
<i>Cost</i>			
At beginning of period	-	-	-
Acquisitions (see note 20)	441	4	445
Additions	6	-	6
At end of period	447	4	451
<i>Depreciation</i>			
At beginning of period	-	-	-
Charge for period	37	1	38
At end of period	37	1	38
<i>Net book value</i>			
At 31 December 2008	410	3	413
At 30 May 2008	-	-	-

Notes (continued)

10 Fixed asset investments

	Shares in group undertakings £000	Total £000
<i>Cost or valuation</i>		
At beginning of period	-	-
Acquisitions (see note 20)	21	21
Additions	1,688	1,688
Dividend received subsequent to transfer of trade	(1,709)	(1,709)
At end of period	-	-
<i>Provisions</i>		
At beginning and end of period	-	-
<i>Net book value</i>		
At 31 December 2008	-	-
At 30 May 2008	-	-

During the period the Company received dividends of £1,769,000 from subsidiary undertakings. As this reduced the net assets value of the subsidiaries below the investment value, the element of the dividend that reduced the investment value to nil has been credited directly to the cost of investment.

The companies in which the Company's interest at the period end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Machine Electrics Limited	England	Dormant	Ordinary – 100%
Trukaids Limited	England	Dormant	Ordinary – 100%
Fabiricon (Wales) Limited	England	Dormant	Ordinary – 100%
Direct Contact (Cardiff) Limited	England	Dormant	Ordinary – 100%
Electrical Spare Parts and Accessories Limited	England	Dormant	Ordinary – 100%

11 Stocks

	2008 £000
Raw materials and consumables	521
Finished goods and goods for resale	452
	973

There is no material difference between the estimated replacement costs and the costs stated above.

Notes (continued)

12 Debtors

	2008 £000
Trade debtors	458
Amounts owed by group undertakings	6
Other debtors	40
Prepayments and accrued income	62
	566

13 Creditors: amounts falling due within one year

	2008 £000
Bank loans and overdrafts	198
Trade creditors	299
Amounts owed to group undertakings	126
Amounts owed to undertakings in which the Company has a participating interest	-
Corporation tax	18
Taxation and social security	29
Other creditors	9
Accruals and deferred income	37
	716

14 Creditors: amounts falling due after more than one year

	2008 £000
Bank loans	1,208
	1,208

The bank loan is repayable in instalments with the final payment due in 2015. Interest is payable at a fixed rate of 7.04% on the nominal value outstanding.

Notes (continued)

15 Provisions for liabilities

	Deferred taxation £000
At beginning of period	-
Transfer (see note 20)	28
Credit to the profit and loss for the period	(8)
At end of period	20

The elements of deferred taxation are as follows:

	2008 £000
Difference between accumulated depreciation and capital allowances	(20)
Deferred tax asset	-
Deferred tax liability	(20)
	(20)

Deferred tax assets of £39,000 have not been recognised as the future recovery is uncertain or not currently anticipated.

16 Called up share capital

	2008 £000
<i>Authorised</i>	
340,000 Ordinary shares of £1 each	340
<i>Allotted, called up and fully paid</i>	
340,000 Ordinary shares of £1 each	340

On incorporation, the Company issued 340,000 £1 ordinary shares for a consideration of £340,000, settled in cash.

Notes (continued)

17 Profit and loss account

	Profit and loss account £000
At beginning of period	-
Loss for the period	(108)
At end of period	(108)

18 Reconciliation of movements in shareholders' funds

	£000
Loss for the period	(108)
New share capital subscribed	340
Net addition to shareholders' funds	232
Opening shareholders' funds	-
Closing shareholders' funds	232

19 Commitments

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

	2008 Land and buildings £000
Operating leases which expire:	
Within one year	-
In the second to fifth years inclusive	50
Over five years	88
	138

Notes (continued)

20 Acquisitions

On 1 August 2008, the Company acquired the following assets and liabilities from Machine Electrics Limited:

	£000
Tangible fixed assets	445
Investments	21
Stocks	1,110
Debtors	643
Cash	151
Creditors due within one year	(613)
Creditors due after one year	(280)
Provisions for liabilities and charges	(28)
Net assets acquired	1,449
Consideration	1,449
Goodwill	-

21 Pension scheme

The Company does not operate a defined contribution pension scheme, but does contribute into the personal pension plans of the directors. The pension cost charge for the period represents contributions payable by the Company to the schemes and amounted to £7,000.

There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

22 Related party disclosures

The Company is controlled by Schaltbau GmbH who own 100% of the share capital of Schaltbau Machine Electrics Limited. Schaltbau GmbH is a subsidiary of the ultimate controlling party, Schaltbau Holding AG.

23 Ultimate parent company

The ultimate parent company is Schaltbau Holding AG, incorporated in Germany.

The largest group in which the results of the Company are consolidated is that headed by Schaltbau Holding AG, incorporated in Germany. No other group financial statements include the results of the Company. The consolidated financial statements of this group are available to the public and may be obtained from Hollerithstrasse 5, 81829, Munich.