

ACTIVE ELECTRONICS PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2005

ACTIVE ELECTRONICS PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

Company Registration Number: 1531348

Registered Office: Albion House
Gordon Road
High Wycombe
Bucks
HP13 6ET

Directors: P H Jones
G L Ireland
C L Homewood

Secretary: G L Ireland

Bankers: Lloyds TSB Bank Plc
13 High Street
High Wycombe
Bucks
HP11 2BD

Solicitors: Charsley Harrison
Windsor House
Victoria Street
Windsor
Berkshire
SL4 1EU

Auditors: Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Churchill House
Chalvey Road East
Slough
Berks
SL1 2LS

ACTIVE ELECTRONICS PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

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ACTIVE ELECTRONICS PLC

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report together with financial statements for the year ended 31 December 2005.

Principal activities

The company is principally engaged in the distribution of electronic components and equipment.

Results and future development

The profit for the year after taxation was £191,030 (2004: £309,662). Particulars of dividends paid and proposed are detailed in Note 5 to the financial statements.

Financial risks management objectives and policies

The directors constantly monitor the risks and uncertainties facing the company with particular reference to the exposure to price, credit, liquidity and cash flow risk. They are confident that there are suitable policies in place and there are no material risks and uncertainties which have not been considered.

Directors

The directors in office during and at the end of the year are listed below. All directors served throughout the year.

The interests of the directors and their families in the shares of the company, were as follows:

	2005	Ordinary shares 2004
P H Jones	-	-
G L Ireland	-	-
C L Homewood	-	-

No director had, during or at the end of the year, material interest in any contract which was significant in relation to the group's business.

Directors' responsibilities for the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. 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 and the group and of the profit or loss of the group 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 group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ACTIVE ELECTRONICS PLC

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2005

Charitable and political contributions

Donations to charitable organisations amounted to £1,154 (2004: £811).

Payment policy

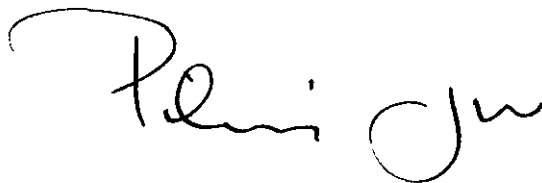
The group aims to pay suppliers when their liabilities fall due on average 30 within days (2004: 30 days) in the United States and within 30 days (2004 average: 30 days) in the United Kingdom. The group has paid their suppliers when their liabilities fall due on average within 41 days (2004 average: 42 days).

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

Director
30 March 2006



REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ACTIVE ELECTRONICS PLC

We have audited the financial statements of Active Electronics Plc for the year ended 31 December 2005 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and notes 1 to 23. 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 Section 235 of the Companies Act 1985. 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 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' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and 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 Auditing (UK & 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 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 other information contained in the directors' report, and consider whether it is 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 other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK & 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ACTIVE
ELECTRONICS PLC**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and company affairs as at 31 December 2005 and of its profit for the year then ended;
- and the financial statements have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Grant Thornton UK LLP', is written above the printed name of the firm.

**GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY OFFICE
SLOUGH**

30 March 2006

ACTIVE ELECTRONICS PLC

PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

The principal accounting policies of the group are set out below.

Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standard:

FRS21 "Events after the balance sheet date (IAS 10)"

The adoption of FRS 21 has resulted in a change in accounting policy in respect of the proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes of the financial statements. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date.

Following the introduction of FRS 21 "Events after the balance sheet date", Company Law has been updated to abolish the need to show paid and proposed dividends on the face of the profit and loss account and statement of recognised gains and losses.

There has been no effect on retained profit for the current or preceding period as a result of the change in accounting policy, however the dividends paid in these years have been removed from the face of the profit and loss account and are now shown in the reconciliation of movements in shareholders funds.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and of its subsidiaries. The financial statements of each company in the group have been prepared to 31 December 2005. All intra-group profits are eliminated on consolidation.

Turnover

Turnover is the total amount receivable by the group in the ordinary course of business with outside customers for goods supplied as a principal and for services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their expected useful lives.

The rates generally applicable are:

Office equipment	15% - 25%
Motor vehicles	25%

Stocks

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

Cost means purchase price including transport and handling costs less trade discounts, calculated on a first in first out basis.

ACTIVE ELECTRONICS PLC

PRINCIPAL ACCOUNTING POLICIES

Net realisable value means estimated selling price (less trade discounts) less all further costs to completion and all costs to be incurred in marketing, selling and distribution.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account except where they relate to the retranslation of the opening net investment on a foreign enterprise in which case the difference is recorded as a movement on reserves.

Leased assets

Assets held under finance lease and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element of leasing payments represents a constant proportion of the payments of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

Deferred tax

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax on defined benefit pension scheme surpluses or deficits is adjusted against these surpluses. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Contributions to pension funds

Defined contribution scheme

The pension costs charged in the profit and loss account represent the amount of the contributions payable to the scheme in respect of the accounting period.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

ACTIVE ELECTRONICS PLC

PRINCIPAL ACCOUNTING POLICIES

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Financial costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

ACTIVE ELECTRONICS PLC**GROUP PROFIT AND LOSS ACCOUNT**

FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	2005 £	2004 (as restated note 5) £
Turnover	1	12,597,871	11,929,414
Cost of sales		<u>(10,118,564)</u>	<u>(9,358,487)</u>
Gross profit		2,479,307	2,570,927
Distribution costs		(126,901)	(97,166)
Administrative expenses		<u>(2,170,206)</u>	<u>(2,110,136)</u>
Operating profit		182,200	363,625
Other interest receivable and similar charges		75,265	73,331
Interest payable and similar charges	2	<u>(67)</u>	<u>(385)</u>
Profit on ordinary activities before taxation	1	257,398	436,571
Tax on profit on ordinary activities	4	<u>(66,368)</u>	<u>(126,909)</u>
Retained profit for the financial year	13	<u>191,030</u>	<u>309,662</u>

All of the activities of the group are classed as continuing.

The accompanying accounting policies and notes form an integral part of these financial statements.

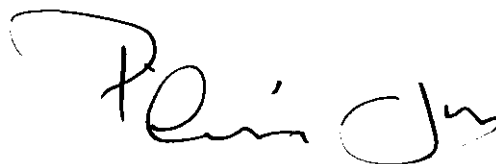
ACTIVE ELECTRONICS PLC

GROUP BALANCE SHEET AT 31 DECEMBER 2005

	Note	£	2005 £	£	2004 £
Fixed assets					
Tangible assets	7		145,857		155,603
Current assets					
Stocks	9	841,466		711,960	
Debtors	10	3,043,634		1,883,867	
Cash at bank and in hand		<u>1,638,758</u>		<u>2,365,230</u>	
		5,523,858		4,961,057	
Creditors: amounts falling due within one year	11	<u>(2,161,115)</u>		<u>(1,771,818)</u>	
Net current assets			<u>3,362,743</u>		<u>3,189,239</u>
Total assets less current liabilities			3,508,600		3,344,842
Provisions for liabilities and charges	12		<u>(124)</u>		<u>(124)</u>
			<u>3,508,476</u>		<u>3,344,718</u>
Capital and reserves					
Called up share capital	13		50,009		50,009
Profit and loss account	13		<u>3,458,467</u>		<u>3,294,709</u>
Equity shareholders' funds			<u>3,508,476</u>		<u>3,344,718</u>

The financial statements were approved by the Board of Directors on 30 March 2006.

Director



The accompanying accounting policies and notes form an integral part of these financial statements.

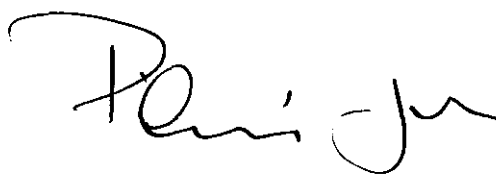
ACTIVE ELECTRONICS PLC

COMPANY BALANCE SHEET AT 31 DECEMBER 2005

	Note	£	2005 £	£	2004 £
Fixed assets					
Tangible assets	7		138,688		147,583
Investments	8		<u>1,178</u>		<u>1,178</u>
			139,866		148,761
Current assets					
Stocks	9	841,466		703,045	
Debtors	10	2,755,436		1,778,146	
Cash at bank and in hand		<u>1,547,666</u>		<u>2,328,421</u>	
		5,144,568		4,809,612	
Creditors: amounts falling due within one year	11	<u>(1,930,518)</u>		<u>(1,741,960)</u>	
Net current assets			<u>3,214,050</u>		<u>3,067,652</u>
Total assets less current liabilities			<u>3,353,916</u>		<u>3,216,413</u>
Provisions for liabilities and charges	12		<u>(124)</u>		<u>(124)</u>
			<u>3,353,792</u>		<u>3,216,289</u>
Capital and reserves					
Called up share capital	13		50,009		50,009
Profit and loss account	13		<u>3,303,783</u>		<u>3,166,280</u>
Equity shareholders' funds			<u>3,353,792</u>		<u>3,216,289</u>

The financial statements were approved by the Board of Directors on 30 March 2006

Director



The accompanying accounting policies and notes form an integral part of these financial statements.

ACTIVE ELECTRONICS PLC**GROUP CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	£	2005 £	£	2004 £
Net cash inflow from operating activities	14		(590,452)		654,759
Returns on investments and servicing of finance					
Interest received		78,053		71,101	
Interest paid		<u>(67)</u>		<u>(385)</u>	
Net cash inflow from returns on investments and servicing of finance			77,986		70,716
Taxation					
UK corporation tax paid		(128,924)		(143,594)	
Overseas tax paid		<u>(336)</u>		<u>840</u>	
Net cash outflow from taxation			(129,260)		(142,754)
Capital expenditure and financial investment					
Purchase of fixed assets		(56,896)		(107,889)	
Proceeds on sale of fixed assets		<u>15,150</u>		<u>29,351</u>	
Net cash outflow from capital expenditure and financial investment			(41,746)		(78,538)
Equity dividends paid			(43,000)		(41,000)
(Decrease)/increase in cash in the period	16		<u>(726,472)</u>		<u>463,183</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

ACTIVE ELECTRONICS PLC

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2005

	2005	2004
	£	£
Profit for the financial year	191,030	309,662
Currency differences on foreign exchange	<u>15,728</u>	<u>(9,912)</u>
Total recognised gains and losses for the year	<u>206,758</u>	<u>299,750</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

ACTIVE ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit before taxation on continuing operations are attributable to one activity, the distribution of electronic components and equipment.

An analysis of turnover by geographical market is given below:

	2005 £	2004 £
United Kingdom	11,545,610	10,921,318
Europe	59,527	44,018
Rest of the world	992,734	964,078
	<u>12,597,871</u>	<u>11,929,414</u>

The net assets of the group are used in proportion to the turnover generated in each geographical market.

The profit on ordinary activities is stated after charging/(crediting):

	2005 £	2004 £
Auditors' remuneration		
- Audit fee	22,850	19,925
- Non audit fees	2,549	3,546
Depreciation		
- assets owned	60,209	62,194
Hire of plant and machinery	11,184	12,237
Other operating lease rentals	185,391	180,772
(Profit)/loss on disposal of fixed assets	<u>(7,961)</u>	<u>436</u>

2 INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
On bank loans, overdrafts and other loans	<u>67</u>	<u>385</u>

ACTIVE ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

3 DIRECTORS AND EMPLOYEES

The average number of employees of the group during the year and their aggregate emoluments are shown below:

	2005 £	2004 £
Wages and salaries	1,218,948	1,186,794
Social security costs	117,493	114,811
Other pension costs	44,382	41,759
	<u>1,380,823</u>	<u>1,343,364</u>

The average number of employees of the group during the year was:

	2005 Number	2004 Number
Administration	27	26
Sales	22	21
	<u>49</u>	<u>47</u>

Staff costs include remuneration in respect of directors, as follows:

	2005 £	2004 £
Directors' remuneration	<u>210,431</u>	<u>218,255</u>

Total pension contributions in respect of directors were:

	2005 £	2004 £
Pension contributions to directors	<u>15,311</u>	<u>14,833</u>

During the year 3 directors (2004: 3 directors) participated in money purchase pension schemes.

ACTIVE ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge is based on the profit for the year and represents:

	2005 £	2004 £
United Kingdom corporation tax charge @ 29.5% (2004: 30%)	67,108	130,000
Deferred taxation	-	(2,756)
Adjustment in respect of prior year	(740)	(335)
	<u>66,368</u>	<u>126,909</u>

FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>257,398</u>	<u>436,571</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax 29.5% (2004: 30%)	75,809	130,971
Effect of:		
Expenses not deductible for tax purposes	4,223	2,002
Capital allowances in the period in excess of depreciation	1,092	3,004
Other differences	(34)	2,230
Marginal relief adjustment	(13,982)	(8,207)
Adjustment in respect of prior year	(740)	-
Current tax charge for the year	<u>66,368</u>	<u>130,000</u>

5 DIVIDENDS

Dividends on equity shares

	2005 £	2004 £
Paid during the year	<u>43,000</u>	<u>41,000</u>

Following the introduction of FRS 21 "Events after the balance sheet date", Company Law has been updated to abolish the need to show paid and proposed dividends on the face of the profit and loss account and statement of recognised gains and losses.

ACTIVE ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

DIVIDENDS (CONTINUED)

There has been no effect on retained profit for the current or preceding period as a result of the change in accounting policy, however the dividends paid in these years have been removed from the face of the profit and loss account and are now shown in the reconciliation of movements in shareholders' funds.

6 PROFIT FOR THE FINANCIAL YEAR

The company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group profit for the year includes a profit before dividends but after taxation of £180,503 (2004: £309,840) which is dealt with in the financial statements of the parent company.

7 TANGIBLE FIXED ASSETS

The group	Office equipment £	Motor vehicles £	Total £
Cost			
At 1 January 2005	256,896	128,439	385,335
Exchange rate movement	5,253	-	5,253
Additions	15,409	41,487	56,896
Disposals	(1,910)	(46,554)	(48,464)
At 31 December 2005	<u>275,648</u>	<u>123,372</u>	<u>399,020</u>
Depreciation			
At 1 January 2005	172,059	57,673	229,732
Exchange rate movement	4,497	-	4,497
Provided in the year	29,273	30,936	60,209
Eliminated on disposals	(1,320)	(39,955)	(41,275)
At 31 December 2005	<u>204,509</u>	<u>48,654</u>	<u>253,163</u>
Net book value at 31 December 2005	<u>71,139</u>	<u>74,718</u>	<u>145,857</u>
Net book value at 31 December 2004	<u>84,837</u>	<u>70,766</u>	<u>155,603</u>

ACTIVE ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

TANGIBLE FIXED ASSETS (CONTINUED)

The company	Office equipment £	Motor vehicles £	Total £
Cost			
At 1 January 2005	210,693	128,439	339,132
Additions	14,188	41,487	55,675
Disposals	(1,910)	(46,554)	(48,464)
At 31 December 2005	<u>222,971</u>	<u>123,372</u>	<u>346,343</u>
Depreciation			
At 1 January 2005	133,876	57,673	191,549
Provided in the year	26,445	30,936	57,381
Eliminated on disposals	(1,320)	(39,955)	(41,275)
At 31 December 2005	<u>159,001</u>	<u>48,654</u>	<u>207,655</u>
Net book value at 31 December 2005	<u>63,970</u>	<u>74,718</u>	<u>138,688</u>
Net book value at 31 December 2004	<u>76,817</u>	<u>70,766</u>	<u>147,583</u>

8

FIXED ASSETS INVESTMENTS

	Shares in group companies £
Cost at 31 December 2005 and 1 January 2005	<u>1,178</u>

At 31 December 2005 the group had equity investments in the following companies:

Company	Class of share capital held	Proportion of allotted share capital held	Nature of business	Aggregate capital £	Profit/(loss) for the year £
Roe Electronics Limited	Ordinary	100%*	Not trading	1,078	nil
Genspark Limited	Ordinary	100%*	Distribution of components and equipment	154,784	10,527

Roe Electronics Limited is incorporated in the United Kingdom and operates in England and Wales. Genspark Limited is incorporated in and trades from the USA, New York State.

* Direct shareholding.

ACTIVE ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

9 STOCKS

	2005 £	The group 2004 £	2005 £	The company 2004 £
Goods for resale	<u>841,466</u>	<u>711,960</u>	<u>841,466</u>	<u>703,045</u>

10 DEBTORS

	2005 £	The group 2004 £	2005 £	The company 2004 £
Trade debtors	2,897,085	1,744,294	2,616,328	1,645,399
Other debtors	48,534	48,556	44,685	45,122
Prepayments and accrued income	<u>98,015</u>	<u>91,017</u>	<u>94,423</u>	<u>87,625</u>
	<u>3,043,634</u>	<u>1,883,867</u>	<u>2,755,436</u>	<u>1,778,146</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	The group 2004 £	2005 £	The company 2004 £
Bank overdraft	-	-	-	-
Trade creditors	1,626,577	1,188,606	1,366,882	1,042,704
Amounts owed to group undertaking	-	-	38,332	124,673
Current taxation	67,108	130,000	65,149	130,000
Social security and other taxes	192,117	208,274	192,117	208,274
Other creditors	148,999	80,122	148,999	80,122
Accruals	<u>126,314</u>	<u>164,816</u>	<u>119,039</u>	<u>156,187</u>
	<u>2,161,115</u>	<u>1,771,818</u>	<u>1,930,518</u>	<u>1,741,960</u>

12 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation	
	The group £	The company £
At 1 January 2005	124	124
Provided during the year in the profit and loss account	-	-
At 31 December 2005	<u>124</u>	<u>124</u>

Deferred taxation has been provided for in respect of tax liabilities arising on accelerated capital allowances.

ACTIVE ELECTRONICS PLC**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2005****13 SHAREHOLDERS' FUNDS**

The group	Share capital £	Profit and loss account £	Total £
At 1 January 2004	50,009	3,035,959	3,085,968
Profit for the year	-	309,662	309,662
Dividends	-	(41,000)	(41,000)
Exchange differences	-	(9,912)	(9,912)
At 1 January 2005	50,009	3,294,709	3,344,718
Profit for the year	-	191,030	191,030
Dividends	-	(43,000)	(43,000)
Exchange differences	-	15,728	15,728
At 31 December 2005	50,009	3,458,467	3,508,476

The group's share capital consists of 1,000,000 (2004: 1,000,000) authorised ordinary shares of which 50,009 (2004: 50,009) are allotted, called up and fully paid £1 ordinary shares.

The company	Share capital £	Profit and loss account £	Total £
At 1 January 2004	50,009	2,897,440	2,947,449
Retained profit for the year	-	309,840	309,840
Dividends	-	(41,000)	(41,000)
At 1 January 2005	50,009	3,166,280	3,216,289
Retained profit for the year	-	180,503	180,503
Dividends	-	(43,000)	(43,000)
At 31 December 2005	50,009	3,303,783	3,353,792

The company's share capital consists of 1,000,000 (2004: 1,000,000) authorised ordinary £1 shares of which 50,009 (2004: 50,009) are allotted, called up and fully paid £1 ordinary shares.

ACTIVE ELECTRONICS PLC**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2005****14 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2005 £	2004 £
Operating profit	182,200	363,625
Depreciation	60,209	62,194
(Profit)/loss on sale of tangible fixed assets	(7,961)	436
Unrealised exchange adjustment	14,972	(9,418)
(Increase)/decrease in stocks	(129,506)	492,292
(Increase)/decrease in debtors	(1,159,767)	(25,751)
Increase/(decrease) in creditors	449,401	(228,619)
Net cash (outflow)/inflow from operating activities	<u>(590,452)</u>	<u>654,759</u>

15 ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2005 £	Cash flow £	At 31 December 2005 £
Cash in hand and at bank	<u>2,365,230</u>	<u>(726,472)</u>	<u>1,638,758</u>

16 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2005 £	2004 £
(Decrease)/increase in cash	(726,472)	463,183
Change in net funds arising from cash flows	<u>(726,472)</u>	<u>463,183</u>
Net funds at start of period	2,365,230	1,902,047
Net funds at end of period	<u>1,638,758</u>	<u>2,365,230</u>

17 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2005 or 31 December 2004.

18 CONTINGENT LIABILITIES AND GUARANTEES

There were no contingent liabilities at 31 December 2005 or 31 December 2004 other than given to HM Customs and Excise amounting to £20,000 (2004: £20,000) in respect of a customs bond attached to the import of goods.

ACTIVE ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

19 LEASING COMMITMENTS

The group

Operating lease payments amounting to £200,338 (2004: £175,138) are due within one year. The leases to which these amounts relate expire as follows:

	2005		2004	
	Land and building £	Other £	Land and building £	Other £
In one year or less	-	1,694	8,110	2,550
Between two and five years	31,297	9,747	-	6,578
In five years or more	157,600	-	157,600	-
	<u>188,897</u>	<u>11,441</u>	<u>165,710</u>	<u>9,128</u>

The company

Operating lease payments amounting to £162,507 (2004: £161,592) are due within one year. The leases to which these amounts relate expire as follows:

	2005		2004	
	Land and building £	Other £	Land and building £	Other £
In one year or less	-	1,694	-	923
Between two and five years	-	3,213	-	3,069
In five years or more	157,600	-	157,600	-
	<u>157,600</u>	<u>4,907</u>	<u>157,600</u>	<u>3,992</u>

20 PENSIONS

The group operates a defined contribution pension scheme for the benefit of the directors and senior employees. The assets of the scheme are administered by trustees in a fund independent from those of the group.

21 POST BALANCE SHEET EVENTS

No significant events have taken place since the balance sheet date.

22 ULTIMATE CONTROLLING PARTY

P H Jones and J M Jones are considered by the directors as the ultimate controlling parties of the parent undertaking as trustees of the "G Roe trust", which holds 48,486 ordinary shares of £1 each, representing 97% of the issued share capital of Active Electronics Plc.

ACTIVE ELECTRONICS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

23 RELATED PARTY TRANSACTIONS

The parent undertaking holds 100% of the voting rights of all of its subsidiary undertakings and as such has taken the exemption under Financial Reporting Standard 8 'Related Party Transactions' not to disclose transactions between group entities.

The following loan balances existed at the year end with related parties:

	Group and company 2005 £	Group and company 2004 £
Mrs J A Roe – widow of G Roe (deceased) * - loan to group	(11,403)	(10,471)
S Roe – son of G Roe (deceased) * - loan from group	30,000	30,000

* These are considered to be related parties as beneficiaries of the 'G Roe trust'.