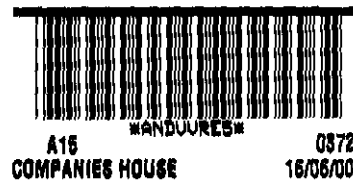


Company Registration Number:2493132

Professional Display Systems Limited

Annual Report

31 December 1999



PROFESSIONAL DISPLAY SYSTEMS LIMITED

Financial Statements

Year ended 31 December 1999

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PROFESSIONAL DISPLAY SYSTEMS LIMITED

The Directors' Report

Year ended 31 December 1999

The directors present their report and the financial statements of the company for the year ended 31 December 1999.

Principal activities and business review

The principal activity of the company during the year was the distribution of electrical equipment.

The directors anticipate an improved performance in the coming year.

An assessment has been made of the company's risk as regards the Year 2000 issue. At present the directors consider that the company is Year 2000 compliant and do not consider any further significant costs will be incurred in respect of this issue.

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

The directors and their interests in shares of the company

The directors who served the company during the year were as follows:

M Gower	
R M O Howell	
R B Stevenson	(Appointed 4 May 99)
C R Stevens	(Retired 4 May 99)

R B Stevenson and M Gower are to retire at the annual general meeting and they, being eligible, offer themselves for re-election.

No director holds shares in the company and no other director, whose holding is required to be mentioned in this report, holds shares or debentures in other companies in the Group.

Policy on the payment of creditors

The company agrees the terms and conditions under which business transactions with their suppliers are conducted. It is company policy that payments are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions. The number of days' purchases outstanding at 31st December 1999 was 39 days.

Directors' responsibilities

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 at the end of the year and of the profit or loss for the year then ended.

PROFESSIONAL DISPLAY SYSTEMS LIMITED

The Directors' Report *(continued)*

Year ended 31 December 1999

Directors' responsibilities (continued)

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 6, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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

During the year Cooper Lancaster Brewers resigned as auditors and PricewaterhouseCoopers were appointed by the directors to fill the vacancy.

A resolution to re-appoint PricewaterhouseCoopers as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the directors



R B STEVENSON
Company Secretary

Approved by the directors on 18 February 2000

PROFESSIONAL DISPLAY SYSTEMS LIMITED

Auditors' Report to the Shareholders

Year ended 31 December 1999

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of the directors and the auditors

The directors are responsible for preparing the Annual Report. As described on pages 1 to 2, this includes responsibility for preparation of the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is inconsistent 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

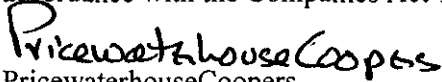
Basis of opinion

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 company's state of affairs as at 31 December 1999 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers

Chartered Accountants
& Registered Auditors
READING
18 February 2000

PROFESSIONAL DISPLAY SYSTEMS LIMITED

Profit and Loss Account

Year ended 31 December 1999

	Note	1999 £	1998 £
Turnover	2	18,698,564	29,986,396
Cost of sales		(16,944,030)	(25,175,170)
Gross Profit		1,754,534	4,811,226
Distribution costs		(1,275,547)	(1,545,584)
Administrative expenses		(582,696)	(334,199)
Operating (Loss)/profit	3	(103,709)	2,931,443
Interest receivable	6	68,000	107,819
Interest payable	7	(32,300)	(194,600)
(Loss)/profit on Ordinary Activities Before Taxation		(68,009)	2,844,662
Tax on (loss)/profit on ordinary activities	8	9,055	(898,191)
(Loss)/profit on Ordinary Activities after Taxation		(58,954)	1,946,471
Dividends	9	-	(1,946,471)
Loss for the Financial Year		(58,954)	-

The company has no recognised gains or losses other than the results for the year as set out above.

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

The notes on pages 6 to 12 form part of these financial statements.

PROFESSIONAL DISPLAY SYSTEMS LIMITED

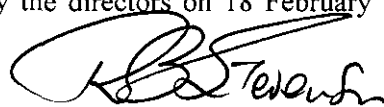
Balance Sheet

31 December 1999

	Note	1999 £	1998 £
Fixed Assets			
Tangible assets	10	126,125	185,339
Current Assets			
Stocks	11	1,709,740	5,256,598
Debtors	12	5,398,161	3,476,438
Cash at bank and in hand		449,608	369,057
		<u>7,557,509</u>	<u>9,102,093</u>
Creditors: Amounts falling due within one year	13	<u>(2,312,332)</u>	<u>(5,025,059)</u>
Net Current Assets		<u>5,245,177</u>	<u>4,077,034</u>
Total Assets Less Current Liabilities		<u>5,371,302</u>	<u>4,262,373</u>
Financed By			
Creditors: Amounts falling due after more than one year	14	5,306,971	4,139,088
Capital and Reserves			
Called-up equity share capital	20	123,285	123,285
Profit and loss account	21	(58,954)	-
Total Shareholders' Funds	22	64,331	123,285
		<u>5,371,302</u>	<u>4,262,373</u>

These financial statements were approved by the directors on 18 February 2000 and are signed on their behalf by:

M GOWER


R B STEVENSON

The notes on pages 6 to 12 form part of these financial statements.

PROFESSIONAL DISPLAY SYSTEMS LIMITED

Notes to the Financial Statements

Year ended 31 December 1999

1. Accounting policies

Basis of Accounting

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

Cash Flow Statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent company publishes a consolidated cashflow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- 20%-33 1/3%
Motor Vehicles	- 25%-33 1/3%

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

Pension Costs

The Memec group operates a defined contribution pension scheme for employees to which the company contributes. The assets of the scheme are held separately from those of the group. The annual contributions payable are charged to the profit and loss account.

Deferred Taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

PROFESSIONAL DISPLAY SYSTEMS LIMITED

Notes to the Financial Statements

Year ended 31 December 1999

2. Turnover

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	1999 £	1998 £
United Kingdom	17,784,804	27,802,498
Overseas	913,760	2,183,898
	<u>18,698,564</u>	<u>29,986,396</u>

3. Operating loss/profit

Operating loss/profit is stated after charging/(crediting):

	1999 £	1998 £
Depreciation	81,507	116,565
Profit on disposal of fixed assets	-	(330)
Auditors' remuneration		
- as auditors	17,400	8,500
Operating lease costs:		
Land and buildings	66,003	73,335
Plant and equipment	<u>65,594</u>	<u>75,513</u>

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	1999 No.	1998 No.
Distribution and Administration	<u>26</u>	<u>28</u>

The aggregate payroll costs of the above were:

	1999 £	1998 £
Wages and salaries	842,581	1,034,252
Social security costs	77,500	89,705
Other pension costs	19,583	20,889
	<u>939,664</u>	<u>1,144,846</u>

PROFESSIONAL DISPLAY SYSTEMS LIMITED

Notes to the Financial Statements

Year ended 31 December 1999

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	1999 £	1998 £
Emoluments receivable	89,840	105,230
Value of company pension contributions to money purchase schemes	4,410	2,783
	<u>94,250</u>	<u>108,013</u>

Retirement benefits were accruing to one (1998 - one) director under a money purchase pension scheme.

6. Interest receivable

	1999 £	1998 £
Other interest received	-	103,619
Interest from group undertakings	68,000	4,200
	<u>68,000</u>	<u>107,819</u>

7. Interest payable

	1999 £	1998 £
Other similar charges payable	32,300	194,600

Interest paid to group undertakings amounted to £32,300 (1998 - £194,600).

8. Tax on loss/profit on ordinary activities

	1999 £	1998 £
Corporation tax based on the results for the year at 30.25% (1998 - 31%)	-	898,191
Group Relief	(9,055)	-
	<u>(9,055)</u>	<u>898,191</u>

PROFESSIONAL DISPLAY SYSTEMS LIMITED

Notes to the Financial Statements

Year ended 31 December 1999

9. Dividends

No dividend has been recommended for the year ended 31 December 1999.

	1999 £	1998 £
Dividends paid on equity shares	-	1,946,471

10. Tangible fixed assets

	Plant Equipment & Vehicles £
Cost	
At 1 January 1999	513,481
Additions	22,293
Disposals	(173,204)
At 31 December 1999	362,570
Depreciation	
At 1 January 1999	328,142
Charge for the year	81,507
On disposals	(173,204)
At 31 December 1999	236,445
Net Book Value	
At 31 December 1999	126,125
At 31 December 1998	185,339

11. Stocks

	1999 £	1998 £
Goods for resale	1,709,740	5,256,598

There was no significant difference, between replacement cost and the value disclosed.

PROFESSIONAL DISPLAY SYSTEMS LIMITED

Notes to the Financial Statements

Year ended 31 December 1999

12. Debtors

	1999 £	1998 £
Trade debtors	2,804,830	2,970,514
Amounts owed by group undertakings	1,954,544	1,918
Corporation Tax repayable	485,036	-
VAT recoverable	111,046	447,340
Prepayments and accrued income	42,705	56,666
	<u>5,398,161</u>	<u>3,476,438</u>

13. Creditors: Amounts falling due within one year

	1999 £	1998 £
Bank loans and overdrafts	-	98,611
Trade creditors	1,690,824	2,074,378
Amounts owed to group undertakings	295,637	2,018,318
Other creditors including taxation and social security:		
Corporation tax	-	467,916
Other taxes and social security	23,631	38,571
	<u>23,631</u>	<u>506,487</u>
Accruals and deferred income	302,240	327,265
	<u>2,312,332</u>	<u>5,025,059</u>

14. Creditors: Amounts falling due after more than one year

	1999 £	1998 £
Amounts owed to group undertakings	<u>5,306,971</u>	<u>4,139,088</u>

The loan of £5,306,971 (1998 - £4,139,088) is unsecured and shall rank for payment upon the winding up of the company after all unsecured creditors have been paid. The loan is interest free and is repayable upon twelve months notice.

15. Pensions

Benefits from the group's contributory pension scheme to which the company contributes are related to the cash value of the funds at retirement dates and the group is under no obligation to provide any minimum level of benefits. The assets of the scheme are administered by trustees in funds independent of the group.

PROFESSIONAL DISPLAY SYSTEMS LIMITED

Notes to the Financial Statements

Year ended 31 December 1999

16. Commitments under operating leases

At 31 December 1999 the company had annual commitments under non-cancellable operating leases as set out below.

	1999		1998	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	6,758	-	1,035
Within 2 to 5 years	-	62,044	-	57,192
After more than 5 years	70,500	-	70,500	-
	<u>70,500</u>	<u>68,802</u>	<u>70,500</u>	<u>58,227</u>

17. Contingencies

There were no contingent liabilities at 31st December 1999 or at 31st December 1998.

18. Capital commitments

The directors have confirmed that there were no capital commitments at 31st December 1999 or at 31st December 1998.

19. Related party transactions

In accordance with the exemption stated in Financial Reporting Standard No.8 no details are shown of related party transactions with the company's parent and fellow subsidiaries in which the parent company holds 90% or more of the voting rights.

20. Share capital

Authorised share capital:

	1999 £	1998 £
150,000 Ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>

Allotted, called up and fully paid:

	1999 £	1998 £
Ordinary share capital	<u>123,285</u>	<u>123,285</u>

PROFESSIONAL DISPLAY SYSTEMS LIMITED

Notes to the Financial Statements

Year ended 31 December 1999

21. Profit and loss account

	1999 £	1998 £
Retained loss for the financial year	(58,954)	-
Balance carried forward	<u>(58,954)</u>	<u>-</u>

22. Reconciliation of movements in shareholders' funds

	1999 £	1998 £
(Loss)/Profit for the financial year	(58,954)	1,946,471
Dividends	-	<u>(1,946,471)</u>
	<u>(58,954)</u>	-
Opening shareholders' equity funds	123,285	123,285
Closing shareholders' equity funds	<u>64,331</u>	<u>123,285</u>

23. Ultimate parent company

The ultimate holding company of Professional Display Systems Limited is Veba AG, a company incorporated in Germany. The consolidated financial statements of Veba AG are deposited at the Dusseldorf Local Court and the Berlin Charlottenburg Local Court.

The immediate holding company is Raab Karcher Electronic Systems Plc, a company incorporated in England & Wales.