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Report of the Directors and
Financial Statements for the Year Ended 31 December 2007
for
Bechtle Direct Limited

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for the Year Ended 31 December 2007

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Bechtle Direct Limited

Company Information
for the Year Ended 31 December 2007

DIRECTORS:

I M Caston
JR Napp

SECRETARY:

I M Caston

REGISTERED OFFICE:

128 High Street
Crediton
Devon
EX17 3LQ

REGISTERED NUMBER:

3283032 (England and Wales)

AUDITORS:

Bedford & Co Limited
Registered Auditors
128 High Street
Crediton
Devon
EX17 3LQ

Bechtle Direct Limited

Report of the Directors **for the Year Ended 31 December 2007**

The directors present their report with the financial statements of the company for the year ended 31 December 2007

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the distribution of computers and accessories

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements

These were considered satisfactory by the directors, particularly, in view of the competitive market and the fact that the company increased its turnover from £13,742,517 to £15,062,118 and its gross profit margin from 10.3% to 10.4%

The company's key objective is to maximise profits which is in line with the objectives of the parent company, Bechtle Ag. The main strategies in achieving these objectives are the maximisation of sales and gross margins, supported by effective cost management.

The directors expect continued growth in the foreseeable future.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2007.

FUTURE DEVELOPMENTS

The company will look to continue its policy of providing the customer with an extensive portfolio of the latest products available, supported by a highly skilled team who are able to offer quality technical expertise.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2007 to the date of this report.

I M Caston

JR Napp

COMPANY'S POLICY ON PAYMENT OF CREDITORS

In the absence of dispute, the company aims to pay suppliers as expediently as possible in accordance with any terms that have been agreed with them. Trade creditors at the year-end amounted to 33 days (2006 - 30 days) of average supplies for the year.

FINANCIAL INSTRUMENTS

Credit risk - The company offers credit terms to its customers, subject to assessed limits. There is a general risk that customers will not pay for the products that they have purchased.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Report of the Directors
for the Year Ended 31 December 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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 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.

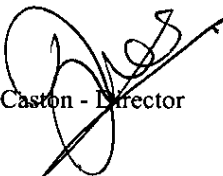
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) 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 in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Bedford & Co Limited, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD


I M Caston - Director
18 March 2008

Report of the Independent Auditors to the Shareholders of
Bechtle Direct Limited

We have audited the financial statements of Bechtle Direct Limited for the year ended 31 December 2007 on pages five to thirteen. 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 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on pages two and three.

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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Report of the Directors 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements.

Bedford & Co Limited
Registered Auditors
128 High Street
Crediton
Devon
EX17 3LQ

U.L.B.

Date: 31.3.08

Bechtle Direct Limited**Profit and Loss Account
for the Year Ended 31 December 2007**

	Notes	31 12 07 £	£	31 12 06 £	£
TURNOVER	2		15,062,118		13,742,517
Cost of sales			<u>13,495,883</u>		<u>12,325,639</u>
GROSS PROFIT			1,566,235		1,416,878
Distribution costs		51,730		50,062	
Administrative expenses		<u>1,354,422</u>		<u>1,198,734</u>	
			<u>1,406,152</u>		<u>1,248,796</u>
			160,083		168,082
Other operating income			<u>294,557</u>		<u>239,987</u>
OPERATING PROFIT	4		454,640		408,069
Interest receivable and similar income			<u>84,759</u>		<u>53,877</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			539,399		461,946
Tax on profit on ordinary activities	5		<u>171,415</u>		<u>136,579</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			<u><u>367,984</u></u>		<u><u>325,367</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

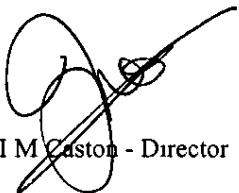
The company has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these financial statements

Bechtle Direct Limited**Balance Sheet**
31 December 2007

	Notes	31 12 07 £	£	31 12 06 £	£
FIXED ASSETS					
Tangible assets	6		17,781		25,359
CURRENT ASSETS					
Debtors	7	2,742,501		2,675,892	
Cash at bank and in hand		<u>1,049,792</u>		<u>449,419</u>	
		3,792,293		3,125,311	
CREDITORS					
Amounts falling due within one year	8	<u>1,781,048</u>		<u>1,489,628</u>	
NET CURRENT ASSETS			<u>2,011,245</u>		<u>1,635,683</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,029,026</u>		<u>1,661,042</u>
CAPITAL AND RESERVES					
Called up share capital	10		1,000,000		1,000,000
Profit and loss account	11		<u>1,029,026</u>		<u>661,042</u>
SHAREHOLDERS' FUNDS	14		<u>2,029,026</u>		<u>1,661,042</u>

The financial statements were approved by the Board of Directors on 18th March 2008 and were signed on its behalf by



I M Caston - Director

The notes form part of these financial statements

Bechtle Direct Limited**Cash Flow Statement
for the Year Ended 31 December 2007**

	Notes	31 12 07 £	31 12 06 £
Net cash inflow/(outflow) from operating activities	1	658,292	(304,147)
Returns on investments and servicing of finance	2	84,759	53,877
Taxation		(142,678)	(114,090)
Capital expenditure	2	-	(7,010)
Increase/(Decrease) in cash in the period		<u>600,373</u>	<u>(371,370)</u>

**Reconciliation of net cash flow
to movement in net funds**

	3		
Increase/(Decrease) in cash in the period		<u>600,373</u>	<u>(371,370)</u>
Change in net funds resulting from cash flows		<u>600,373</u>	<u>(371,370)</u>
Movement in net funds in the period		600,373	(371,370)
Net funds at 1 January		<u>449,419</u>	<u>820,789</u>
Net funds at 31 December		<u>1,049,792</u>	<u>449,419</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2007**

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	31 12 07 £	31 12 06 £
Operating profit	454,640	408,069
Depreciation charges	7,578	10,869
Increase in debtors	(68,283)	(853,482)
Increase in creditors	<u>264,357</u>	<u>130,397</u>
Net cash inflow/(outflow) from operating activities	<u><u>658,292</u></u>	<u><u>(304,147)</u></u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31 12 07 £	31 12 06 £
Returns on investments and servicing of finance		
Interest received	<u>84,759</u>	<u>53,877</u>
Net cash inflow for returns on investments and servicing of finance	<u><u>84,759</u></u>	<u><u>53,877</u></u>
 Capital expenditure		
Purchase of tangible fixed assets	<u>-</u>	<u>(7,010)</u>
Net cash outflow for capital expenditure	<u><u>-</u></u>	<u><u>(7,010)</u></u>

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 1 07 £	Cash flow £	At 31 12 07 £
Net cash			
Cash at bank and in hand	<u>449,419</u>	<u>600,373</u>	<u>1,049,792</u>
	<u>449,419</u>	<u>600,373</u>	<u>1,049,792</u>
 Total	<u><u>449,419</u></u>	<u><u>600,373</u></u>	<u><u>1,049,792</u></u>

Notes to the Financial Statements
for the Year Ended 31 December 2007

1 ACCOUNTING POLICIES**Basis of Preparation**

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

Turnover

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

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Fixtures and fittings	- 30% on reducing balance
Computer equipment	- 30% on reducing balance

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

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 transaction. Exchange differences are taken into account in arriving at the operating result

Operating leases

Costs in respect of operating leases are charged to profit and loss as incurred

2 TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company

An analysis of turnover by geographical market is given below

	31 12 07	31 12 06
	£	£
United Kingdom	14,904,888	13,648,708
Europe	<u>157,230</u>	<u>93,809</u>
	<u>15,062,118</u>	<u>13,742,517</u>

3 STAFF COSTS

	31 12 07	31 12 06
	£	£
Wages and salaries	724,028	624,549
Social security costs	<u>70,861</u>	<u>61,460</u>
	<u>794,889</u>	<u>686,009</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2007****3 STAFF COSTS - continued**

The average monthly number of employees during the year was as follows

	31 12 07	31 12 06
Management	1	1
Administration	3	3
Sales	<u>21</u>	<u>20</u>
	<u>25</u>	<u>24</u>

4 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	31 12 07	31 12 06
	£	£
Other operating leases	51,730	50,062
Depreciation	7,578	10,869
Auditors' remuneration	6,600	5,820
Auditors' remuneration for non audit work	15,650	20,808
Foreign currency translation	<u>9,585</u>	<u>(967)</u>
Directors' emoluments	<u>112,290</u>	<u>96,611</u>

5 TAXATION**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows

	31 12 07	31 12 06
	£	£
Current tax		
UK corporation tax	169,741	142,678
Deferred tax	<u>1,674</u>	<u>(6,099)</u>
Tax on profit on ordinary activities	<u>171,415</u>	<u>136,579</u>

UK corporation tax has been charged at 30% (2006 - 30%)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2007**

5 TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	31 12 07 £	31 12 06 £
Profit on ordinary activities before tax	<u>539,399</u>	<u>461,946</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 - 30%)	161,820	138,584
Effects of year		
Expenditure not deductible for tax purposes	9,604	6,109
Capital allowances for year in excess of depreciation	<u>(1,683)</u>	<u>(2,015)</u>
Current tax charge	<u>169,741</u>	<u>142,678</u>

6 TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2007 and 31 December 2007	<u>60,846</u>	<u>108,612</u>	<u>169,458</u>
DEPRECIATION			
At 1 January 2007	43,841	100,258	144,099
Charge for year	<u>5,103</u>	<u>2,475</u>	<u>7,578</u>
At 31 December 2007	<u>48,944</u>	<u>102,733</u>	<u>151,677</u>
NET BOOK VALUE			
At 31 December 2007	<u>11,902</u>	<u>5,879</u>	<u>17,781</u>
At 31 December 2006	<u>17,005</u>	<u>8,354</u>	<u>25,359</u>

7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 07 £	31 12 06 £
Trade debtors	2,314,701	2,343,605
Amounts owing from group undertakings	400,000	303,349
Deferred tax asset	6,544	8,218
Prepayments	<u>21,256</u>	<u>20,720</u>
	<u>2,742,501</u>	<u>2,675,892</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2007

7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

Deferred tax asset	31 12 07	31 12 06
	£	£
Balance brought forward	8,218	2,119
Depreciation in advance of capital allowances	(1,674)	6,099
	<u>6,544</u>	<u>8,218</u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 07	31 12 06
	£	£
Trade creditors	1,350,410	990,162
Tax	169,741	142,678
Social security and other taxes	87,992	125,301
Amounts owed to group undertakings	27,457	106,540
Accruals	<u>145,448</u>	<u>124,947</u>
	<u>1,781,048</u>	<u>1,489,628</u>

9 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

		Land and buildings
	31 12 07	31 12 06
	£	£
Expiring		
Between one and five years	<u>43,000</u>	<u>43,000</u>

10 CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid				
Number	Class	Nominal value	31 12 07	31 12 06
		£1	£	£
1,000,000	Ordinary		<u>1,000,000</u>	<u>1,000,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2007

11 RESERVES

	Profit and loss account £
At 1 January 2007	661,042
Profit for the year	<u>367,984</u>
At 31 December 2007	<u><u>1,029,026</u></u>

12 ULTIMATE PARENT COMPANY

The ultimate holding company is Bechtle Ag of Kanzleistrasse 17, D-74405, Gaildorf, which is registered in Germany. The group company accounts can be obtained from this address.

13 RELATED PARTY DISCLOSURES

During the year the company obtained services amounting to £35,683 on normal commercial terms, from Walmark Limited, a company in which the directors have a material interest.

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 12 07 £	31 12 06 £
Profit for the financial year	367,984	325,367
Issue of ordinary shares	<u> </u>	<u> </u>
Net addition to shareholders' funds	367,984	325,367
Opening shareholders' funds	<u>1,661,042</u>	<u>1,335,675</u>
Closing shareholders' funds	<u><u>2,029,026</u></u>	<u><u>1,661,042</u></u>

15 SECURITY

The company's bankers, Barclays Bank PLC, hold a fixed and floating charge, by means of a debenture, over the company's assets. The company's liability to the bank at 31 December 2007 is nil.

Bechtle Direct Limited**Trading and Profit and Loss Account**
for the Year Ended 31 December 2007

	31 12 07		31 12 06	
	£	£	£	£
Sales		15,062,118		13,742,517
Cost of sales				
Purchases	13,339,797		12,162,009	
Carriage	154,841		161,916	
Warranty	<u>1,245</u>		<u>1,714</u>	
		<u>13,495,883</u>		<u>12,325,639</u>
GROSS PROFIT		1,566,235		1,416,878
Other income				
Sundry receipts	294,557		239,987	
Interest not taxed at source	<u>84,759</u>		<u>53,877</u>	
		<u>379,316</u>		<u>293,864</u>
		1,945,551		1,710,742
Expenditure				
Other operating leases	51,730		50,062	
Rates and water	16,562		16,736	
Insurance	10,870		8,653	
Light and heat	8,397		7,396	
Repairs to property	1,936		-	
Consultancy fees	4,367		2,451	
Directors' salaries	112,290		96,611	
Directors' social security	15,020		12,353	
Wages	611,738		527,938	
Social security	55,841		49,107	
Recruitment costs	13,431		10,219	
Telephone	13,246		14,567	
Printing, post and stationery	18,678		19,198	
Travelling and accommodation	27,806		26,078	
Computer maintenance	26,003		18,760	
Cleaning expenses	5,057		3,506	
Entertaining	16,777		13,588	
Sundry expenses	11,486		5,722	
Management fees	228,199		229,317	
Auditors' remuneration	6,600		5,820	
Auditors' remuneration for non audit work	15,650		20,808	
Catalogue costs	62,963		68,904	
Advertising	7,515		1,656	
Bad debts	<u>37,162</u>		<u>8,978</u>	
		<u>1,379,324</u>		<u>1,218,428</u>
Carried forward		566,227		492,314

This page does not form part of the statutory financial statements

Bechtle Direct Limited

Trading and Profit and Loss Account
for the Year Ended 31 December 2007

	31 12 07		31 12 06	
	£	£	£	£
Brought forward		566,227		492,314
Finance costs				
Bank charges	1,633		1,562	
Credit card charges	2,608		2,105	
Leasing	14,487		15,133	
Other interest	<u>522</u>		<u>699</u>	
		<u>19,250</u>		<u>19,499</u>
		546,977		472,815
Depreciation				
Fixtures and fittings	5,103		7,290	
Computer equipment	<u>2,475</u>		<u>3,579</u>	
		<u>7,578</u>		<u>10,869</u>
NET PROFIT		<u><u>539,399</u></u>		<u><u>461,946</u></u>

This page does not form part of the statutory financial statements