REGISTRAR OF COMPANIES

1240559

IMO Electronics Limited

Report and Financial Statements

Year Ended

30 April 1999



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BDO

BDO Stoy Hayward
Chartered Accountants

IMO ELECTRONICS LIMITED

Annual report and financial statements for the year ended 30 April 1999

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Directors

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Directors

Sir Maurice Hatter
F Furlotti

Secretary and registered office

F Furlotti, 1000 North Circular Road, London, NW2 7JP

Company number

1240559

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1M 1DA.

IMO ELECTRONICS LIMITED

Report of the directors for the year ended 30 April 1999

The directors submit their report, together with the audited financial statements, for the year ended 30 April 1999.

Results and dividends

The profit and loss account is set out on page 4 and shows the profit for the year after taxation together with the retained profits carried forward.

The directors paid an interim dividend of £1,700,000 on 30 April 1999. The directors do not recommend the payment of a final dividend.

Principal activities, trading review and future developments

The principal activities of the company are those of importers, exporters and distributors of electronic products.

The company has traded satisfactorily throughout the year and it is anticipated that it will continue to do so.

Save as disclosed, there have been no events since the balance sheet date which materially affect the position of the company. On 1 May 1999 the company became the wholly owned subsidiary of IMO Precision Controls Limited, a company wholly controlled by Sir Maurice Hatter. On 2 May 1999 the entire trade and assets of IMO Electronics Limited were transferred to IMO Precision Controls Limited.

Policy on payment of creditors

The company agrees payment terms with its suppliers when it enters into purchase contracts. The company seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

Year 2000

The directors recognised the Year 2000 problem as a potentially serious business issue. They considered the risks and implications not just across the company but also as a result of the systems of major customers and suppliers not being Y2K compliant. During 1998, the company's computer systems and associated software were upgraded.

Since the end of 1999 no problems have been experienced by the company. The board, however, is continuing to monitor the issue both internally and externally.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	Ordinary shares of £1 each	
	1999	**1998**
Sir Maurice Hatter	60,000	80,000
F Furlotti	-	-

Sir Maurice Hatter sold 20,000 ordinary shares on 1 April 1999. Since the year end Sir Maurice Hatter has sold the balance of his shareholding.

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 and of the profit or loss of the company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

By order of the board

F Furlotti

Secretary

Date 20/2/00

IMO ELECTRONICS LIMITED

Report of the auditors

To the shareholders of IMO Electronics Limited

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

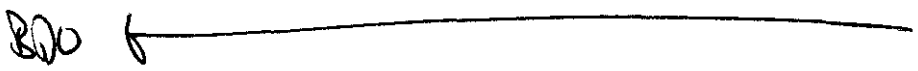
Basis of opinion

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 state of the company's affairs as at 30 April 1999 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
London

10 February 2000

IMO ELECTRONICS LIMITED

Profit and loss account for the year ended 30 April 1999

	Note	1999		1998	
		£	£	£	£
Turnover	2		2,783,544		3,079,147
Cost of sales			1,861,687		1,811,372
Gross profit			921,857		1,267,775
Distribution costs		223,245		212,670	
Administrative expenses		572,560		577,019	
			795,805		789,689
***Profit on ordinary activities* before taxation**	4		126,052		478,086
Taxation on profits from ordinary activities	5		33,629		140,667
Profit on ordinary activities after taxation			92,423		337,419
Dividends	6		1,700,000		-
Retained (loss)/profit for the year			(1,607,577)		337,419
Retained profit brought forward			4,842,168		4,504,749
Retained profit carried forward			3,234,591		4,842,168

All amounts relate to continuing activities.
All recognised gains and losses are included in the profit and loss account.
The retained profit for the year represents the movement in shareholders' funds.

The notes on pages 6 to 10 form part of these financial statements

IMO ELECTRONICS LIMITED

Balance sheet at 30 April 1999

	Note	1999		1998	
		£	£	£	£
Fixed assets					
Tangible assets	7		12,148		19,900
Current assets					
Stock	8	557,606		433,670	
Debtors	9	3,097,449		4,766,564	
		3,655,055		5,200,234	
Creditors: amounts falling due within one year	10	332,612		277,966	
Net current assets			3,322,443		4,922,268
Total assets less current liabilities			3,334,591		4,942,168
Capital and reserves					
Called up share capital	11		100,000		100,000
Profit and loss account			3,234,591		4,842,168
Shareholders' funds			3,334,591		4,942,168

All amounts within shareholders' funds are equity.

The financial statements were approved by the Board on 10 Feb. 2000

Sir Maurice Hatter
Director

The notes on pages 6 to 10 form part of these financial statements.

1 Accounting policies

There have been no changes in the accounting policies during the year.

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Depreciation

Depreciation is calculated to write off the cost less estimated residual values of the assets over their estimated useful lives at the following annual rates:

Motor vehicles - 25% per annum on cost

Stock

Stock which consists of electronic products is valued at the lower of cost and net realisable value. Cost is calculated on first in, first out basis.

Net realisable value is based on estimated selling price less further costs of disposal.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, except that no provision is made where it can be reasonably foreseen that such deferred taxation will not be payable in the future.

Foreign currencies

Liabilities in foreign currencies are translated into sterling at rates ruling at the date when the goods are received. Exchange differences arising from conversion of foreign currencies and from translations of amounts denominated in foreign currencies are dealt with in the profit and loss account.

Cash flow statement

No cash flow statement, as required in Financial Reporting Standard 1 (Revised), is included in the financial statements as the company has experienced no cash movements during the year and therefore presentation of a cash flow statement would be of no benefit to the user of the financial statements. This departure has no financial effect, being an omission of presentation only.

2 Turnover and profits

Analysis by market:

	Turnover 1999 £	1998 £
UK sales	2,602,614	2,904,258
Export sales	180,930	174,889
	2,783,544	3,079,147

The company's turnover relates to its principal activity as importers, exporters and distributors of electronic products.

3 Employees

	1999 £	1998 £
Staff costs (excluding directors) consist of:		
Wages and salaries	187,130	203,255
Social security costs	17,865	19,405
	204,995	222,660

The directors received no remuneration during the year.

The average weekly number of employees (excluding directors) during the year was as follows:	Number	Number
Full time	5	5

All employees of the company are also employees of IMO Precision Controls Limited.

4 Profit on ordinary activities before taxation

	1999 £	1998 £
This is arrived at after (crediting)/charging:		
Profit on sale of tangible fixed assets	-	(7,050)
Depreciation	7,752	10,738
Auditors' remuneration - audit fees	4,000	4,000
- non audit services	311	-

5 Taxation on profits from ordinary activities

	1999 £	1998 £
UK corporation tax	33,629	140,667

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

No provision for deferred taxation is required as depreciation charged exceeds taxation allowances given.

6 Dividends

	1999 £	1998 £
Ordinary dividends		
Interim paid of £17 (1998 - £Nil) per share	1,700,000	-

7 Tangible assets

	Equipment, fixtures and fittings £	Motor vehicles £	Total £
Cost			
At beginning and end of year	47,016	42,352	89,368
Depreciation			
At beginning of year	47,016	22,452	69,468
Provided for the year	-	7,752	7,752
At end of year	47,016	30,204	77,220
Net book value			
At 30 April 1999	-	12,148	12,148
At 30 April 1998	-	19,900	19,900

8 Stock

	1999 £	1998 £
Goods for resale	557,606	433,670

There is no significant difference between the amount at which stock is stated in the balance sheet and its replacement cost.

9 Debtors

	1999 £	1998 £
Trade debtors	819,571	776,879
Other debtors	1,827	1,550
Amount due from IMO Precision Controls Limited	2,276,051	3,988,135
	3,097,449	4,766,564

All amounts shown under debtors fall due for payment within one year.

10 Creditors: amounts falling due within one year

Trade creditors	254,738	103,081
Creditors for taxation and social security	28,833	22,093
Corporation tax	33,629	140,667
Accruals	15,412	12,125
	332,612	277,966

11 Share capital

Authorised, allotted, called up and fully paid:

Ordinary shares of £1 each	100,000	100,000

12 Transactions with connected company

During the year IMO Precision Controls Limited, a company of which Sir Maurice Hatter and Mr F Furlotti are directors and in which Sir Maurice Hatter has a material share interest, made a charge for management and central services of £458,000 (1998 - £458,000). The outstanding amount owed by IMO Precision Controls Limited at the year end was £2,276,051 (1998 - £3,988,135).

13 Ultimate controlling company

The company's ultimate controlling company is IMO Precision Controls Limited, which shares the same registered office.