

Company Registration Number 3678084

MEDION ELECTRONICS LIMITED
trading as **MEDION (UK)**

Report and Financial Statements

31 December 2007



MEDION ELECTRONICS LIMITED trading as MEDION (UK)

REPORT AND FINANCIAL STATEMENTS 2007

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MEDION ELECTRONICS LIMITED trading as MEDION (UK)

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Nicholas Shenton
Christian Eigen

SECRETARY

Kathryn Saunders

REGISTERED OFFICE

Medion House
Unit 120 Faraday Park
Faraday Road
Dorcan
Swindon
Wiltshire
SN3 5JF

BANKERS

National Westminster Bank plc
15 Bishopsgate
London
EC2P 2AP

SOLICITORS

Stringer Saul
17 Hanover Square
London
W1S 1HU

AUDITORS

Deloitte & Touche LLP
Bristol

MEDION ELECTRONICS LIMITED trading as MEDION (UK)

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2007. This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

PRINCIPAL ACTIVITY

The principal activity of the company is the distribution of electrical products and the provision of After Sales Support under an agency agreement with its parent company.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The results for the year ending 31 December 2007 as set out on page 5 are disappointing showing a small profit for the year. The company aims to improve their growth for the future and is working to expand both its customer base and the range of products each customer purchases.

During the year the parent company purchased 200,000 ordinary £1 shares in the company for £200,000.

DIVIDENDS

During the year no dividend was approved and paid (2006 £225,000). The directors do not recommend the payment of any further dividend.

RESEARCH AND DEVELOPMENT

The directors intend increasing the sales of core computer equipment both brand new and refurbished by the expansion of the website.

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out on page 1. All directors served throughout the year, neither director had an interest in any UK company within the group at the beginning or end of the year.

CHARITABLE DONATIONS

During the year the company made no charitable donations (2006 £nil).

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

A resolution to reappoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



K Saunders
Secretary

MEDION ELECTRONICS LIMITED trading as MEDION (UK)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 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 judgments and estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards have been followed, 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MEDION ELECTRONICS LIMITED trading as MEDION (UK)

We have audited the financial statements of Medion Electronics Limited trading as Medion (UK) for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. 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 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 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 directors' report 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 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 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 directors' report is consistent with the financial statements.



DELOITTE & TOUCHE LLP

Chartered Accountants and Registered Auditors
Bristol, United Kingdom

6 August 2008

MEDION ELECTRONICS LIMITED trading as MEDION (UK)**PROFIT AND LOSS ACCOUNT****Year ended 31 December 2007**

	Note	2007 £	2006 £
TURNOVER - continuing operations	1 & 2	3,843,274	5,161,400
Cost of sales		(573,617)	(1,303,638)
GROSS PROFIT		3,269,657	3,857,762
Administrative expenses		(3,325,189)	(3,803,123)
Other operating income		87,641	2,735
OPERATING PROFIT - continuing operations	4	32,109	57,374
Interest receivable		7,030	6,668
Interest payable	5	(34,381)	(42,095)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,758	21,947
Tax credit/(charge) on profit on ordinary activities	6	31,990	(201,652)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION AND PROFIT/(LOSS) FOR THE FINANCIAL YEAR	13	36,748	(179,705)

A statement of total recognised gains and losses has not been presented as the profit and loss account contains all the gains and losses recognised in the current and preceding year and were derived from continuing activities

MEDION ELECTRONICS LIMITED trading as MEDION (UK)

BALANCE SHEET
At 31 December 2007

	Note	2007	2006
		£	£
FIXED ASSETS			
Tangible assets	7	226,618	330,571
CURRENT ASSETS			
Stocks	8	335,541	182,312
Debtors	9	347,726	563,886
Cash at bank and in hand		30,923	436,746
		<u>714,190</u>	<u>1,182,944</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>(680,225)</u>	<u>(1,468,655)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>33,965</u>	<u>(285,711)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>260,583</u>	<u>44,860</u>
PROVISIONS FOR LIABILITIES	11	<u>-</u>	<u>(21,025)</u>
NET ASSETS		<u><u>260,583</u></u>	<u><u>23,835</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	400,000	200,000
Profit and loss account		<u>(139,417)</u>	<u>(176,165)</u>
SHAREHOLDERS' FUNDS	13	<u><u>260,583</u></u>	<u><u>23,835</u></u>

These financial statements were approved by the Board of Directors on 5 August 2008

Signed on behalf of the Board of Directors

N Shenton.

N Shenton
Director

MEDION ELECTRONICS LIMITED trading as MEDION (UK)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents net invoiced sales of goods and services excluding value added tax. Revenue is recognised as goods are despatched and services provided.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on the following annual rates in order to write off each asset over its estimated useful life.

Leaseholds improvements	8 years or remaining life of the lease on cost
Equipment	3 to 10 years on cost
Furniture, fixtures and fittings	3 to 5 years on cost
Computer equipment	3 to 4 years on cost

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

In accordance with FRS 19, deferred taxation is provided in full on timing differences which represent an asset or liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Stock

Stock is stated at the lower of cost and net realisable value.

Leases

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged to the profit and loss account.

MEDION ELECTRONICS LIMITED trading as MEDION (UK)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

2. TURNOVER

Turnover, which is stated net of VAT, arises from two activities, the sale of goods via the webshop and the provision of after sales services on behalf of Medion AG

	2007 £	2006 £
Sale of goods	757,861	1,287,378
Provision of services	3,085,413	3,874,022
	<u>3,843,274</u>	<u>5,161,400</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2007 £	2006 £
Directors' emoluments:		
Emoluments	<u>157,875</u>	<u>166,310</u>
	£	£

Contributions to defined contribution pension schemes on behalf of the directors	<u>15,600</u>	<u>15,600</u>
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	No.	No.
The number of directors who were members of a defined contribution pension scheme	<u>1</u>	<u>1</u>

Employee costs during the year (including directors' emoluments):	£	£
Wages and salaries	1,365,208	1,558,990
Social security costs	137,017	155,787
Other pension costs	33,033	37,112
	<u>1,535,258</u>	<u>1,751,889</u>

Average number of persons employed:	No.	No.
Service	49	52
Sales	7	7
Administration	4	7
	<u>60</u>	<u>66</u>

MEDION ELECTRONICS LIMITED trading as MEDION (UK)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

4. OPERATING PROFIT	2007	2006
	£	£
The operating profit is stated after charging		
Depreciation - owned assets	128,891	127,607
Operating lease rentals		
- plant and machinery	29,581	40,727
- other	110,325	110,325
Auditors' remuneration		
- auditing of accounts of the company pursuant to legislation	15,000	15,000
- other services relating to taxation	9,525	9,525
	<u> </u>	<u> </u>
5. INTEREST PAYABLE AND SIMILAR CHARGES	2007	2006
	£	£
Group interest	20,442	42,095
Interest paid to HMRC	13,939	-
	<u> </u>	<u> </u>
	34,381	42,095
	<u> </u>	<u> </u>
6. TAX CREDIT/(CHARGE) ON PROFIT ON ORDINARY ACTIVITIES	2007	2006
	£	£
(a) Analysis of charge in year		
Current tax		
UK corporation tax at 30% (2007 30%)	(32,083)	(93,463)
Adjustments in respect of prior year	11,024	(87,164)
	<u> </u>	<u> </u>
	(21,059)	(180,627)
Deferred tax		
Timing differences, origination and reversal	9,961	(21,025)
Adjustments in respect of prior year	43,088	-
	<u> </u>	<u> </u>
Tax credit/(charge) on profit on ordinary activities	<u>31,990</u>	<u>(201,652)</u>

MEDION ELECTRONICS LIMITED trading as MEDION (UK)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

6. TAX CREDIT/(CHARGE) ON PROFIT ON ORDINARY ACTIVITIES (continued)

	2007 £	2006 £
(b) Factors affecting tax charge		
The tax on profit on ordinary activities for the year is 30% (2006 30%)		
Profit on ordinary activities before tax	4,758	21,947
	£	£
Tax on profit on ordinary activities at standard rate	(1,427)	(6,584)
Factors affecting the charge		
Expenses not deductible	(14,195)	(23,437)
Differences between capital allowances and depreciation	(17,216)	(13,309)
Short-term timing difference	750	20,945
Transfer pricing adjustment	-	(71,078)
Marginal relief	5	-
Current tax charge	(32,083)	(93,463)

(c) Factors affecting the future tax charge

The expected reduction in the corporation tax rate to 28% is not anticipated to materially affect the future tax charge

7. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Equipment £	Furniture, fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 January 2007	301,202	310,593	88,671	33,709	734,175
Additions	15,608	1,332	-	7,998	24,938
At 31 December 2007	316,810	311,925	88,671	41,707	759,113
Accumulated depreciation					
At 1 January 2007	108,414	209,563	57,285	28,342	403,604
Charge for the year	46,651	66,520	10,194	5,526	128,891
At 31 December 2007	155,065	276,083	67,479	33,868	532,495
Net book value					
At 31 December 2007	161,745	35,842	21,192	7,839	226,618
At 31 December 2006	192,788	101,030	31,386	5,367	330,571

MEDION ELECTRONICS LIMITED trading as MEDION (UK)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

8.	STOCKS	2007	2006
		£	£
	Goods for resale	<u>335,541</u>	<u>182,312</u>
9	DEBTORS	2007	2006
		£	£
	Trade debtors	97,387	12,609
	Amounts due from group undertakings	118,917	447,794
	Other debtors	36,013	40,544
	Prepayments	52,385	62,939
	Corporation tax	10,999	-
	Deferred tax asset (note 11)	32,025	-
		<u>347,726</u>	<u>563,886</u>
10.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2007	2006
		£	£
	Trade creditors	132,272	126,782
	Amounts owed to group undertakings	60,669	817,504
	Corporation tax	32,083	155,862
	Other taxation and social security	252,874	264,330
	Accruals and deferred income	202,327	104,177
		<u>680,225</u>	<u>1,468,655</u>
11.	PROVISIONS FOR LIABILITIES		
	Deferred taxation liability/(asset)	2007	2006
		£	£
	At 1 January 2007	21,025	-
	Movement in year	(53,050)	21,025
	At 31 December 2007	<u>(32,025)</u>	<u>21,025</u>
	Deferred tax provided in the financial statements is analysed as follows	£	£
	Capital allowances in excess of depreciation	(31,741)	20,844
	Short-term timing difference	(284)	181
	At 31 December 2007	<u>(32,025)</u>	<u>21,025</u>

MEDION ELECTRONICS LIMITED trading as MEDION (UK)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

12. SHARE CAPITAL	2007 £	2006 £
Authorised		
Ordinary shares of £1 each	<u>400,000</u>	<u>200,000</u>
	£	£
Allotted and fully paid		
Ordinary shares of £1 each	<u>400,000</u>	<u>200,000</u>
On 6 August 2007 Medion AG purchased 200,000 £1 shares for £200,000		
13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2007 £	2006 £
Opening shareholders' funds	23,835	428,540
Profit/(loss) for the financial year	36,748	(179,705)
Dividend paid	-	(225,000)
Issued share capital	<u>200,000</u>	-
Closing shareholders' funds	<u>260,583</u>	<u>23,835</u>

14. FINANCIAL COMMITMENTS

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

	2007		2006	
	Land and buildings £	Other £	Land and buildings £	Other £
In less than one year	-	-	-	3,933
In the second to fifth years	<u>110,325</u>	<u>-</u>	<u>110,325</u>	<u>-</u>
	<u>110,325</u>	<u>-</u>	<u>110,325</u>	<u>3,933</u>

15. RELATED PARTY TRANSACTIONS

The company is exempt from disclosing transactions with its parent company as it is a 100% subsidiary and included within consolidated accounts

MEDION ELECTRONICS LIMITED trading as MEDION (UK)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

16. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The directors consider that the ultimate parent company and controlling party is Medion AG, a company incorporated in Germany. The address of the company from which accounts are available is Gansemarkt 16-18, D-45127, Essen, Germany.

The largest and smallest group in which the results of the company are consolidated is that headed by Medion AG.