

GN Netcom (UK) Limited
(formerly GN (Great Nordic) UK Limited)

**Directors' report and financial
statements**

Registered number 2230550
31 December 2007



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Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2007

Principal activities

The principal activity of the Company is the marketing, selling and distribution of telecommunication headsets

Business review

The company is a subsidiary of GN Store Nord A/S, which is listed on the Copenhagen stock exchange. GN is a leading developer and supplier of headsets for contact centres and offices (CC&O) and for mobile phones under the Jabra brand. During 2007 the order processing for the mobile channel was returned to the UK company from a European Shared Service centre and associated revenues are included in these accounts. In previous years a commission was included instead.

The company's products are sold via a number of different channels including many telecommunications and IT distributors and resellers, mobile retailers and also the largest voice and data carrier in the UK. Revenue growth of 14% was achieved in CC&O in 2007 and this is expected to be repeated in 2008. The UK mobile market has declined over the last year and this is expected to continue into 2008. However, the Jabra brand retains the largest single share of this market. In CC&O the company has continued to invest in headcount and marketing activity in order to develop new and existing channels. For example, a programme to recruit and develop new resellers has been a great success.

The prospects for the business remain very good. Steady growth is expected in the contact centre market and the company's plan is to increase its share of this market. The wireless market is expected to continue to grow significantly as more people in offices are educated about the health and efficiency benefits of headset use. With a world leading portfolio of wireless products the company is in a strong position.

Globally, the comprehensive reengineering of the business, initiated in 2007 will continue throughout 2008 focusing on the three key agendas of a leaner, more market-oriented organisation, operational excellence in a less complex supply chain and enhanced productivity in all areas. This approach will produce a platform from which GN can launch innovative products and accelerate growth.

Results and dividends

No dividends were paid during the year ended 31 December 2007 (*2006 dividend £15 per share*). The profit after tax for the year was £275,086 (*2006 profit £150,274*).

Future prospects

The UK provides excellent opportunities for significant growth in both contact centre and office markets whilst we have a large share of a slightly declining mobile market. The company is continuing to invest in more people expanding the organization in terms of sales and sales related roles. This will enable the company's growth strategy to be executed successfully in 2008.

Directors' report *(continued)*

Directors

The directors of the company during the year and subsequently were as follows

J McNair	(resigned 1 July 2007)
A Bouten	
D C Peters	(appointed 1 July 2007, resigned 8 June 2008)
J Fischer	(appointed 8 June 2008, resigned 30 September 2008)
K H Pedersen	(appointed 1 September 2008)

Donations

During the year to 31 December 2007 the Company made no political donations *(2006 £nil)* The Company made no charitable donations *(2006 £nil)*

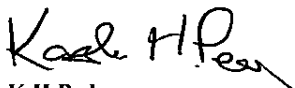
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

An elective resolution to dispense with the requirement for an Annual General Meeting has been passed. The resolution dispensed with the requirement for the annual reappointment of auditors. KPMG LLP will therefore continue in office.

By order of the board


K H Pedersen
Director

Tamesis
The Glanty
Egham
Surrey
TW20 9AW

9 October 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

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 UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditors' report to the members of GN Netcom (UK) Limited

We have audited the financial statements of GN Netcom (UK) Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, Reconciliation of movement in shareholders funds and the related notes. 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 financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 judgments 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.

Independent auditors' report to the members of GN Netcom (UK) Limited
(continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK 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, and
- 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

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

29 October 2008

Profit and loss account
for the year ended 31 December 2007

	<i>Note</i>	2007 £	2006 £
Turnover	2	15,479,867	11,904,815
Cost of sales		(10,997,011)	(8,226,498)
Gross profit		4,482,856	3,678,317
Selling and administrative expenses		(4,183,222)	(3,435,190)
Operating profit		299,634	243,127
Other interest receivable and similar income	6	112,325	65,089
Interest payable and similar charges	7	(20,256)	(26,945)
Profit on ordinary activities before taxation	3	391,703	281,271
Tax charge on profit on ordinary activities	5	(116,617)	(130,997)
Profit for the financial year		275,086	150,274

The results for the year derive solely from continuing activities

There is no difference between the profit shown above and that calculated under historical cost accounting

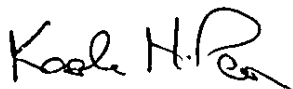
There are no recognised gains and losses for the current financial year and preceding financial year other than as shown above

The notes on pages 9 to 15 form an integral part of the financial statements

Balance sheet
at 31 December 2007

	<i>Note</i>	2007	2006
		£	£
Fixed assets			
Tangible assets	8	227,036	163,544
Current assets			
Stocks	9	251,752	187,293
Debtors	10	5,076,247	3,512,567
Cash at bank and in hand		741,103	16,763
		<u>6,069,102</u>	<u>3,716,623</u>
Creditors amounts falling due within one year	11	(4,915,691)	(2,784,431)
Total assets less current liabilities		<u>1,153,411</u>	<u>932,192</u>
Creditors amounts falling due after more than one year	12	(62,958)	(53,333)
Net assets		<u>1,317,489</u>	<u>1,042,403</u>
Capital and reserves			
Called up share capital	13	100,000	100,000
Profit and loss account	14	1,217,489	942,403
Shareholders' funds		<u>1,317,489</u>	<u>1,042,403</u>

These financial statements were approved by the board of directors on 9 October 2008 and were signed on its behalf by



K H Pedersen
Director

Reconciliation of Movement in Shareholders' Funds
for the year ended 31 December 2007

	2007 £	2006 £
Profit for the financial year	275,086	150,274
Dividends on shares classified in shareholders' funds	-	(1,500,000)
Net addition to/(reduction in) shareholders' funds	<u>275,086</u>	<u>(1,349,726)</u>
Opening shareholders' funds	1,042,403	2,392,129
Closing shareholders' funds	<u><u>1,317,489</u></u>	<u><u>1,042,403</u></u>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

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

Basis of accounting

The financial statements are prepared under the historical cost convention

Tangible fixed assets

Depreciation is provided to write off the cost in equal annual instalments over the estimated useful economic lives of the assets. The rates of depreciation are as follows

Fixtures and fittings	-	20% per annum
Computer equipment	-	50% per annum
Computer software	-	33% per annum
Motor vehicles	-	25% per annum
Office equipment	-	20% per annum

Stocks

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

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain capital items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Translation differences are dealt with in the profit and loss account

Pension costs

The company pays into a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cashflow statement as it is wholly owned by GN Great Nordic A/S and its cashflows are included within the consolidated cash flow statement of the Group

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Notes (continued)

2 Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of Value Added Tax. Sales are recognised as invoiced. The turnover and pre-tax profit is attributable to one activity, the sale of telecommunication headset equipment. Turnover is all attributable to sales in the United Kingdom and the Republic of Ireland.

3 Profit on ordinary activities before taxation

	2007 £	2006 £
<i>Profit on ordinary activities is stated after charging</i>		
Depreciation	63,731	47,232
Rentals under operating leases		
- Land and buildings	160,036	122,445
Exchange gain	(20,912)	(1,315)
Loss on disposal of fixed assets	10,489	547
	<hr/>	<hr/>
<i>Auditors' remuneration</i>		
	2007 £	2006 £
- Audit of these financial statements	19,364	14,851
- Non-audit fees	4,088	7,875
	<hr/>	<hr/>

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2007	2006
Sales and distribution	33	28
Administration	8	7
	<hr/>	<hr/>
	41	35
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2007 £	2006 £
Wages and salaries	1,835,522	1,578,069
Social security costs	236,686	217,325
Other pension costs	53,960	61,551
	<hr/>	<hr/>
	2,126,168	1,856,945
	<hr/>	<hr/>

Notes (continued)

4 Staff numbers and costs (continued)

Total emoluments of all directors' are as follows

	2007 £	2006 £
Directors' emoluments	110,832	61,942
Company contributions to defined contribution pension schemes	5,063	13,946
	<u>115,895</u>	<u>75,888</u>
No of directors accruing retirement benefits under money purchase schemes	<u>2</u>	<u>1</u>

5 Tax on profit on ordinary activities

Analysis of charge in the year

	2007 £	2006 £
UK corporation tax		
Current tax on income for the period	152,624	110,215
Adjustment in respect of prior years	(49,220)	10,078
Total current tax charge	<u>103,404</u>	<u>120,293</u>
Deferred tax (see note 1)		
Origination of timing differences	13,213	10,704
Tax charge on profit on ordinary activities	<u>116,617</u>	<u>130,997</u>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2006 higher) than the standard rate of corporation tax in the UK (30%, 2006 30%). The differences are explained below

	2007 £	2006 £
Current tax reconciliation		
Profit on ordinary activities before tax	391,703	281,271
Current tax charge at 30% (2006 30%)	<u>117,511</u>	<u>84,381</u>
Effects of		
Expenses not deductible for tax purposes	30,708	38,547
Capital allowances for period in excess of depreciation	4,405	(12,713)
Adjustments to tax charge in previous years	(49,220)	10,078
Total current tax charge (see above)	<u>103,404</u>	<u>120,293</u>

Factors that may affect future current and total tax charges

The corporation tax rate applicable to the company will reduce from 30% to 28% from 1 April 2008

Notes (continued)

6 Other Interest receivable and similar income

	2007 £	2006 £
Receivable from group undertakings	84,934	61,559
Bank interest	11,750	2,215
Exchange gains	15,641	1,315
	<u>112,325</u>	<u>65,089</u>

7 Interest payable and similar charges

	2007 £	2006 £
Bank loans and overdrafts	14,889	23,735
Other financial expenses	5,367	3,210
	<u>20,256</u>	<u>26,945</u>

8 Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Computer Software £	Motor Vehicles £	Office Equipment £	Total £
<i>Cost</i>						
At 1 January 2007	106,899	20,351	104,495	45,041	134,701	411,487
Additions	100,532	813	-	-	66,466	167,811
Disposals	-	(13,403)	-	(45,041)	(85,860)	(144,304)
	<u>207,431</u>	<u>7,761</u>	<u>104,495</u>	<u>-</u>	<u>115,307</u>	<u>434,994</u>
<i>Depreciation</i>						
At 1 January 2007	28,946	15,719	104,495	939	97,844	247,943
Charge for year	33,290	1,760	-	5,630	23,051	63,731
Disposals	-	(13,403)	-	(6,569)	(83,744)	(103,716)
	<u>62,236</u>	<u>4,076</u>	<u>104,495</u>	<u>-</u>	<u>37,151</u>	<u>207,958</u>
<i>Net book value</i>						
At 31 December 2007	<u>145,195</u>	<u>3,685</u>	<u>-</u>	<u>-</u>	<u>78,156</u>	<u>227,036</u>
At 31 December 2006	<u>77,953</u>	<u>4,632</u>	<u>-</u>	<u>44,102</u>	<u>36,857</u>	<u>163,544</u>

Notes (continued)

9 Stocks

	2007 £	2006 £
Finished goods and products for resale	251,752	187,293

10 Debtors

	2007 £	2006 £
Trade debtors	4,651,493	3,063,251
Prepayments and accrued income	348,967	360,199
Deferred tax	75,787	89,000
Amounts owed by group undertakings	-	117
	<u>5,076,247</u>	<u>3,512,567</u>

All deferred tax relates to origination and reversal of timing differences

Debtors include deferred tax of £75,787 (2006 £89,000) due after more than one year

11 Creditors amounts falling due within one year

	2007 £	2006 £
Bank loans and overdrafts	-	529,743
Trade creditors	200,562	143,267
Amounts owed to group undertakings	2,609,116	1,133,994
Corporation tax payable	77,624	14,241
Other taxes and social security	213,871	52,170
Other creditors	60,537	25,352
VAT	814,168	456,358
Accruals	939,813	429,306
	<u>4,915,691</u>	<u>2,784,431</u>

12 Creditors amounts falling due after more than one year

	2007 £	2006 £
Lease incentive	62,958	53,333

Notes (continued)

13 Called up share capital

	2007 £	2006 £
<i>Authorised, allotted, called up and fully paid</i>		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

14 Reconciliation of reserves

	Profit and loss account £
At beginning of year	942,403
Profit for the year	<u>275,086</u>
At end of year	<u>1,217,489</u>

15 Dividends

The following dividends were declared and paid by the Company

	2007 £	2006 £
<i>For the year ended 31 December</i>		
Nil (2006 £15 per qualifying ordinary share)	<u>-</u>	<u>1,500,000</u>

16 Operating lease commitments

Annual commitments under operating leases are as follows

	Land and buildings 2007 £	2006 £
<i>Operating leases which expire</i>		
In the second to fifth years inclusive	126,982	126,490
After five years	<u>24,500</u>	<u>24,500</u>

17 Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £53,960 (2006 £61,551). Contributions amounting to £nil (2006 £nil) were payable to the fund and are included in creditors.

Notes *(continued)*

18 Related party transactions

The company is exempt under Financial Reporting Standard 8 in that more than 90% of the company's voting rights are controlled within the GN Great Nordic group of companies. The company has therefore not separately disclosed all transactions with other group companies qualifying as related parties.

19 Immediate and ultimate parent companies

The immediate parent company of the undertaking is GN Netcom A/S, a company registered in Denmark.

The ultimate parent undertaking of the largest group for which accounts are drawn up of which the company is a member is GN Store Nord A/S, incorporated in Denmark, and the parent undertaking of the smallest such group is GN Ejendomme A/S, also incorporated in Denmark.

Copies of the group accounts can be obtained from Lautrupbjerg 7, P O Box 99, DK-2750 Ballerup, Denmark.