

**TEC ELECTRICAL COMPONENTS
LIMITED**

Report and Financial Statements

16 months ended 31 July 2000



**Deloitte & Touche
Verulam Point
Station Way
St Albans AL1 5HE
United Kingdom**

**TEC ELECTRICAL COMPONENTS
LIMITED**

REPORT AND FINANCIAL STATEMENTS 2000

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**TEC ELECTRICAL COMPONENTS
LIMITED**

REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

L Brickner
J E Preston
W J Von Kumberg
D M Steuert

SECRETARY

D R Stanning

REGISTERED OFFICE

Progress Way
Enfield
Middlesex
EN1 1UZ

AUDITORS

Deloitte & Touche
Verulam Point
Station Way
St Albans AL1 5HE

TEC ELECTRICAL COMPONENTS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 16 month period ended 31 July 2000.

ACTIVITIES

The principal activity of the company is the sale and manufacture of professional electrical components, including connectors, integrally lit display panels, switches, lighting components and coated plastic materials.

REVIEW OF DEVELOPMENTS

On 29 May 2000 TEC Electrical Components Limited acquired the business and the assets and liabilities of TEC Electrical Components Group Limited for consideration equal to the net book value of assets acquired.

The company's accounting reference date was changed to become coterminous with that of its ultimate parent company.

DIVIDENDS

No dividend has been paid or proposed (1999 : nil)

DIRECTORS AND THEIR INTERESTS

The directors who served during the period are set out below.


No director serving at the end of the period had any interests in the share capital of the company or any other UK group company.

L Brickner – appointed 14/10/99
J E Preston – appointed 14/10/99
W J Von Kumberg – appointed 14/10/99
D M Steuert – appointed 14/10/99
S A Hunt – resigned 14/10/99
J A Barker – resigned 14/10/99
M F Holliday – resigned 14/10/99
M Somers – resigned 14/10/99

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



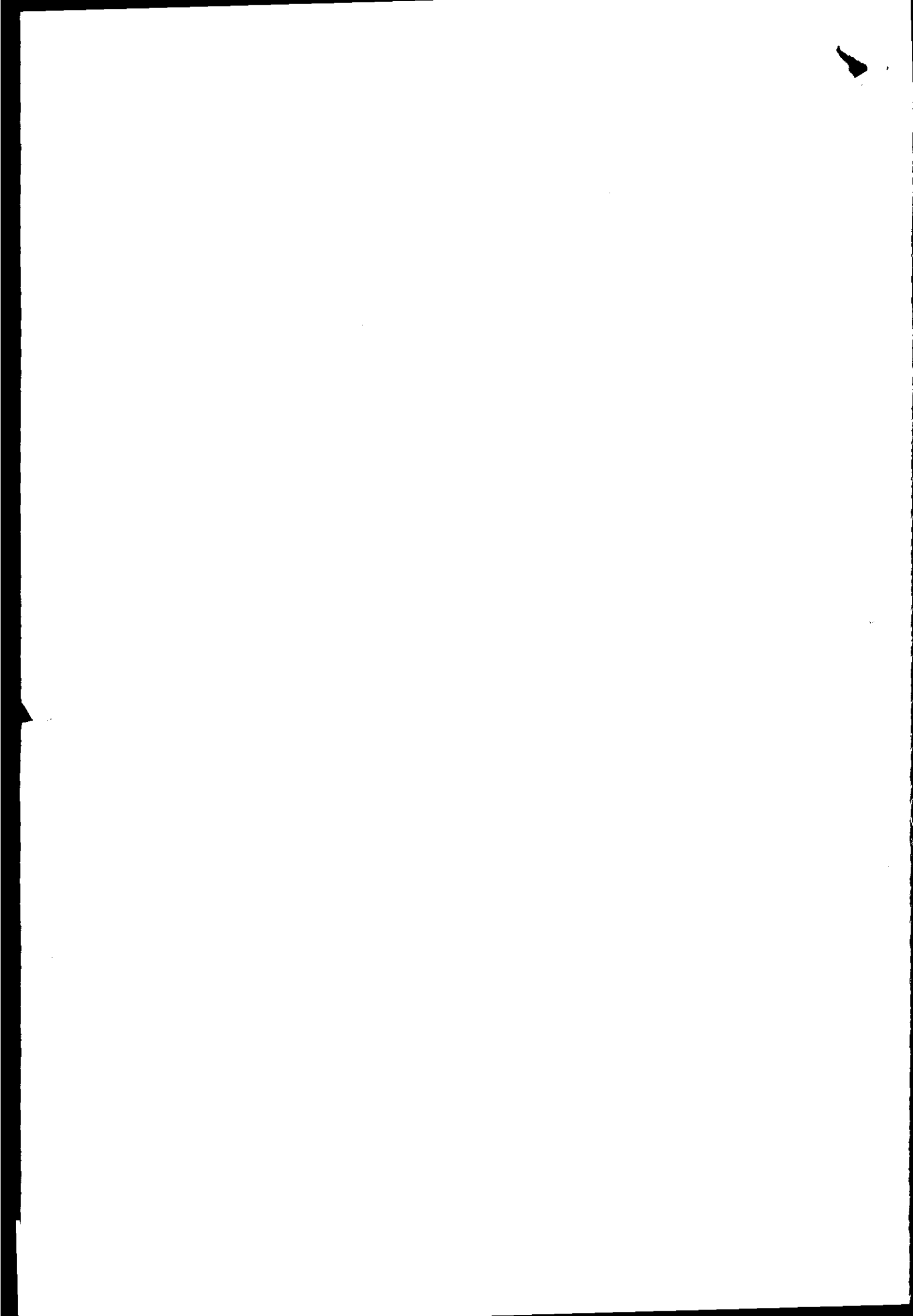
Director
30/5/ 2001

STATEMENT OF 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 as at the end of the financial year 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; 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.



AUDITORS' REPORT TO THE MEMBERS OF TEC ELECTRICAL COMPONENTS LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

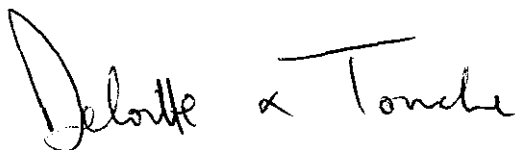
Basis of opinion

We conducted our audit in accordance with United Kingdom 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 at 31 July 2000 and of its loss for the 16 month period then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors

2/6/2001

**TEC ELECTRICAL COMPONENTS
LIMITED**

PROFIT AND LOSS ACCOUNT
16 months ended 31 July 2000

	Note	Period ended 31 July 2000 £	Year ended 31 March 1999 £
TURNOVER	2	691,029	-
Cost of sales		(525,780)	-
Gross profit		<u>165,249</u>	<u>-</u>
Distribution costs		(156,341)	-
Administrative expenses		(313,907)	-
OPERATING LOSS	4	(304,999)	-
Interest payable and similar charges	6	(25,753)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(330,752)	-
Tax on loss on ordinary activities	7	33,000	-
RETAINED LOSS OR THE FINANCIAL PERIOD	15,16	<u>(297,752)</u>	<u>-</u>

All income and expenses relate to acquired operations. There were no other recognised gains or losses for either financial period other than those stated above.

**TEC ELECTRICAL COMPONENTS
LIMITED**

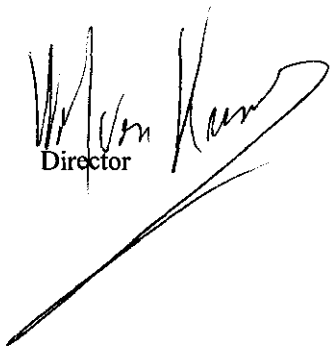
**BALANCE SHEET
31 July 2000**

	Note	31 July 2000 £	31 March 1999 £
FIXED ASSETS			
Tangible assets	8	1,165,556	-
CURRENT ASSETS			
Stocks	9	1,134,818	-
Debtors	10	905,520	100
Cash at bank and in hand		3,470	-
		2,043,808	100
CREDITORS: amounts falling due within one year	11	(1,768,076)	-
NET CURRENT ASSETS		275,732	100
TOTAL ASSETS LESS CURRENT LIABILITIES		1,441,288	100
CREDITORS: amounts falling due after more than one year	12	(1,643,991)	-
PROVISIONS FOR LIABILITIES AND CHARGES	13	(94,949)	-
		(297,652)	100
CAPITAL AND RESERVES			
Called up share capital	14	100	100
Profit and loss account	15	(297,752)	-
EQUITY SHAREHOLDERS' DEFICIT	16	(297,652)	100

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

30 | 5 | 2001


Director

NOTES TO THE ACCOUNTS

16 month period ended 31 July 2000

1. ACCOUNTING POLICIES

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied in the year.

Tangible fixed assets and depreciation

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Plant and machinery	12.5%
Fixtures, fittings, tools and equipment	20%
Motor vehicles	25%

Leased assets

Assets held under finance leases are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

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

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Warranties

Specific provisions are raised against significant warranty claims received; all others are charged to the profit and loss account in the year that they occur.

Stocks

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. Cost is determined on a first-in first-out basis. The cost of work in progress and finished goods comprises materials, direct labour and attributable production overheads. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the period end. Exchange differences are taken to the profit and loss account.

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

**TEC ELECTRICAL COMPONENTS
LIMITED**

NOTES TO THE ACCOUNTS
16 month period ended 31 July 2000

1. ACCOUNTING POLICIES (CONTINUED)

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are invested and managed independently of the finances of the company. The pension cost charge represents contributions payable in the year.

2. TURNOVER

	Period ended 31 July 2000 £	Year ended 31 March 1999 £
United Kingdom	580,641	-
Other EC countries	12,042	-
Rest of Europe	9,827	-
North America	44,016	-
Rest of World	44,503	-
	<u>691,029</u>	<u>-</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000 £	1999 £
Directors' remuneration		
As directors	-	-
Remuneration as executives	-	-
Payments to money purchase pension scheme	-	-
	<u>-</u>	<u>-</u>

No directors are members of the company pension scheme

Average number of persons employed

Production	10	-
Sales	1	-
Engineering	1	-
Administration	1	-
	<u>13</u>	<u>-</u>

Staff costs during the period (including directors)

	£	£
Wages and salaries	282,649	-
Social security costs	23,746	-
Pension costs	4,872	-
	<u>311,267</u>	<u>-</u>

**TEC ELECTRICAL COMPONENTS
LIMITED**

NOTES TO THE ACCOUNTS
16 month period ended 31 July 2000

4. OPERATING LOSS

	Period ended 31 July 2000 £	Year ended 31 March 1999 £
Operating loss is after charging:		
Depreciation of tangible fixed assets	42,390	-
Auditors remuneration	2,000	-
Operating lease rentals		
Plant and machinery	5,607	-
Land and buildings	21,667	-
	<u> </u>	<u> </u>

5. ACQUISITIONS

On 29 May 2000 TEC Electrical Components Limited acquired the business and the assets and liabilities from TEC Electrical Components Group Limited at net book value for consideration of £493,712.

	Net book Value £000	Fair Value £000
Net assets acquired	<u>493,712</u>	493,712
Consideration paid		<u>(493,712)</u>
Goodwill		<u>-</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 31 July 2000 £	Year ended 31 March 1999 £
Interest on group loan	18,183	-
Interest on leased assets	5,332	-
Interest on overdrafts and loans	2,238	-
	<u>25,753</u>	<u>-</u>

NOTES TO THE ACCOUNTS

16 month period ended 31 July 2000

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period ended 31 July 2000 £	Year ended 31 March 1999 £
United Kingdom corporation tax at 30% (1999 - 25%) based on the loss for the period	-	-
Deferred taxation	(33,000)	-

No corporation tax is payable due to losses incurred during the financial period.

8. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures, fittings, tools and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 1999	-	-	-	-
Transfer from group company	4,313,111	1,123,525	171,438	5,608,074
Additions	5,378	4,130	13,996	23,504
At 31 July 2000	4,318,489	1,127,655	185,434	5,631,578
Accumulated depreciation				
At 1 April 1999	-	-	-	-
Transfer from group company	3,309,447	1,005,665	108,520	4,423,632
Charge for the period	29,919	9,021	3,450	42,390
At 31 July 2000	3,339,366	1,014,686	111,970	4,466,022
Net book value				
At 31 July 2000	979,123	112,969	73,464	1,165,556
At 31 March 1999	-	-	-	-

The net book value of the tangible fixed assets includes £345,103 (1999 £nil) in respect of assets held under finance leases. Depreciation charged in the period on those assets amounted to £12,443 (1999 £nil).

9. STOCKS

	31 July 2000 £	31 March 1999 £
Raw materials and consumables	878,702	-
Work-in-progress	256,116	-
	1,134,818	-

**TEC ELECTRICAL COMPONENTS
LIMITED**

NOTES TO THE ACCOUNTS
16 month period ended 31 July 2000

10. DEBTORS

	31 July 2000	31 March 1999
	£	£
Trade debtors	697,455	-
Amounts owed by group companies	17,651	100
Other debtors	25,275	-
Prepayment and accrued income	157,194	-
ACT recoverable	7,945	-
	<u>905,520</u>	<u>100</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£	£
Amounts owed to group company	493,612	-
Bank overdraft	50,245	-
Obligations under hire purchase agreements	72,785	-
Debt due within one year	616,642	-
Trade creditors	827,660	-
Amounts owed to group companies	22,611	-
Corporation tax	10,356	-
Other taxation and social security	51,355	-
Accruals and deferred income	239,452	-
	<u>1,768,076</u>	<u>-</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 July 2000	31 March 1999
	£	£
Amounts due to group companies	1,481,700	-
Obligations under hire purchase agreements	162,291	-
	<u>1,643,991</u>	<u>-</u>
Due after more than one year repayable		
Between one and two years	77,422	-
Between two and five years	84,869	-
	<u>162,291</u>	<u>-</u>

**TEC ELECTRICAL COMPONENTS
LIMITED**

NOTES TO THE ACCOUNTS

16 month period ended 31 July 2000

13. PROVISIONS FOR LIABILITIES AND CHARGES

	Dilapida- tions £	Deferred Tax £	Total £
At 1 April 1999	-	-	-
Acquired with business	94,949	33,000	127,949
Transfer to profit and loss account	-	(33,000)	(33,000)
Balance at 31 July 2000	<u>94,949</u>	<u>-</u>	<u>94,949</u>

The dilapidations provision represents the best estimate of amounts likely to be incurred as a legal obligation to make good repairs under the lease on the company's operating premises. This lease expires in June 2002.

Deferred tax

	Provided 31 July 2000 £	Provided 31 March 1999 £	Not Provided 31 July 2000 £	Not Provided 31 March 1999 £
Capital allowances in advance of depreciation	-	-	163,794	-
Other timing differences	-	-	-	-
Losses	-	-	(292,713)	-
	<u>-</u>	<u>-</u>	<u>(128,919)</u>	<u>-</u>

14. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Called up, allotted and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

15. RESERVES

	Profit And loss Account £
At 1 April 1999	-
Retained loss for the financial period	<u>(297,752)</u>
At 31 July 2000	<u>(297,752)</u>

**TEC ELECTRICAL COMPONENTS
LIMITED**

NOTES TO THE ACCOUNTS

16 month period ended 31 July 2000

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 July 2000 £	31 March 1999 £
Loss for the financial period	(297,752)	-
Opening shareholders' funds	100	100
Closing shareholders' deficit	<u>(297,652)</u>	<u>100</u>

17. FINANCIAL COMMITMENTS

Operating lease commitments

The payment which the company is committed to make in the next year under operating leases are as follows:

	2000 £	1999 £
Land and buildings, leases expiring Between one and five years	<u>130,000</u>	<u>-</u>
Plant and machinery, leases expiring Between one and five years	<u>-</u>	<u>-</u>

18. IMMEDIATE AND ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate holding company is TEC Electrical Components Group Ltd, which is incorporated in England and Wales.

The ultimate parent company and controlling party is Litton Industries Inc. which is incorporated in the United States of America. Copies of the group financial statements of Litton Industries Inc which represent the accounts of both the smallest and largest group in which this company is consolidated are available from the corporate offices at 21240 Burbank Boulevard, Woodland Hills, California 91367-6675.

The company, under paragraph 3(c) of FRS 8 is exempt from disclosing the details of transactions with certain other group companies as it is a wholly owned subsidiary.