

Registered Number 2701593

Viasystems EMS - UK Limited
Annual report and financial statements
for the year ended 31 December 2002



Viasystems EMS - UK Limited

Annual report and financial statements for the year ended 31 December 2002

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Viasystems EMS - UK Limited

Directors and Advisers for the year ended 31 December 2002

Directors

D J Webster

J Davis (resigned 31 July 2002)

Secretary

A Price (resigned 6 April 2002)

J Sax (appointed 6 April 2002)

Registered Office

Weil Gotshal & Manges

One South Place

London

EC2M 2WG

Auditors

PricewaterhouseCoopers LLP

Donington Court

Pegasus Business Park

Castle Donington

East Midlands

DE74 2UZ

Solicitors

Weil Gotshal & Manges

One South Place

London

EC2M 2WG

Bankers

Lloyds Bank

P O Box 17328

11-15 Monument Street

London

EC3V 9JA

Viasystems EMS - UK Limited

Directors' report for the year ended 31 December 2003

The directors present their report and the audited financial statements of the company for the year ended 31 December 2002.

Principal activities

The company's principal activity during the year was the design, manufacture, marketing and distribution of base station cabinet enclosures for the telecommunications equipment industry.

Review of business and future developments

The company again experienced difficult trading difficulties in the year. The company undertook a number of cost reduction measures in 2002 and on 9 September it disposed of the plastic products section in Coventry and on 19 December it disposed of the operations at Ballynahinch in Northern Ireland.

In response to continuing trading difficulties in 2003 the company took the decision to close the remaining operation in Coventry. These operations are due to cease in December 2003.

Results and dividends

The company's loss for the year after taxation is as set out on page 5. The directors do not recommend the payment of a final dividend (2001: £Nil).

Directors and their interests

The directors who held office during the year are listed on page 1.

None of the directors had any beneficial interests in the shares of the company or any other UK group company at 31 December 2002 and at 1 January 2002, as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985.

Details of the directors' interest in the shares of the company's parent undertaking are disclosed in that company's financial statements.

No director had, during or at the end of the year, a material interest in any contract which was significant in relation to the company's business.

Directors' and advisers' liability

Directors' and advisers' liability insurance has been purchased by the company during the year.

Viasystems EMS - UK Limited

Directors' report for the year ended 31 December 2002(continued)

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. *It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.*

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through briefing groups and electronic communications.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

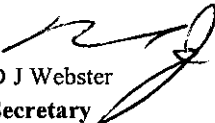
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002, that applicable accounting standards have been followed.

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.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 28 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board


D J Webster
Secretary
27 October 2003

Viasystems EMS - UK Limited

Auditors' Report to the members of Viasystems EMS - UK Limited

We have audited the financial statements on pages 5 to 17.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom law and Auditing Standards issued by the Auditing Practices Board. This report, including the opinion has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the Annual report and financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report

Basis of audit opinion

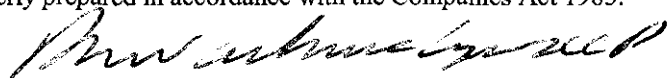
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

Qualified opinion arising from disagreement on accounting treatment

The company has not adopted the provisions of FRS19 on deferred tax in these accounts and consequently the appropriate disclosures have not been made.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2002 and of its loss for the year then ended and except for the matter referred to above have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

East Midlands

27 October 2003

Viasystems EMS - UK Limited

Profit and loss account for the year ended 31 December 2002

	Note	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
		2002	2002	2002	2001	2001	2001
		£'000	£'000	£'000	£'000	£'000	£'000
Turnover	2	16,764	4,043	20,807	28,909	13,958	42,867
Cost of sales		(15,102)	(4,919)	(20,021)	(27,289)	(11,745)	(39,034)
Gross profit		1,662	(876)	786	3,620	2,213	3,833
Distribution costs		(193)	-	(193)	(408)	-	(408)
Administrative expenses		(10,133)	(1,322)	(11,455)	(10,775)	(1,571)	(12,346)
Operating loss	5	(8,664)	(2,198)	(10,862)	(9,563)	642	(8,921)
Income from participating interests		-	212	212	832	-	832
Loss on ordinary activities before interest and taxation		(8,664)	(1,986)	(10,650)	(8,731)	642	(8,089)
Profit on disposal of discontinued operations	6	-	74	74	-	-	-
Interest receivable and similar income		-	-	-	193	-	193
Interest payable and similar charges	7	(74)	-	(74)	-	-	-
Loss on ordinary activities before taxation		(8,738)	(1,912)	(10,650)	(8,538)	642	(7,896)
Tax on loss on ordinary activities	8	-	-	-	-	-	-
Loss for the financial year	18	(8,738)	(1,912)	(10,650)	(8,538)	642	(7,896)

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

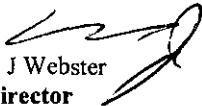
There are no recognised gains and losses other than those included above and so a separate statement of total recognised gains and losses has not been prepared.

Viasystems EMS - UK Limited

Balance sheet as at 31 December 2002

	Note	2002 £'000	2002 £'000	2001 £'000	2001 £'000
Fixed assets					
Tangible assets	8	4,226		6,552	
Investments	9	-		3,663	
			4,226		10,215
Current assets					
Stocks	10	967		3,039	
Debtors	11	1,727		12,481	
Cash at bank and in hand		1,246		2,634	
			3,940		18,154
Creditors - amounts falling due within one year	12		(9,624)		(16,278)
Net current (liabilities)/assets			(5,684)		1,876
Total assets less current liabilities			(1,458)		12,091
Creditors - amounts falling due after one year	13		(21,880)		(24,745)
Provisions for liabilities and charges	14		(875)		(909)
Net liabilities			(24,213)		(13,563)
Capital and reserves					
Called up equity share capital	15,16		1,192		1,192
Share premium account	16		8,875		8,875
Capital redemption reserve	16		583		583
Profit and loss account	16		(34,863)		(24,213)
Total equity shareholders' funds			(24,213)		(13,563)

The financial statements on pages 5 to 17 were approved by the board of directors on 27 October 2003 and were signed on its behalf by:


D J Webster
Director

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2002

1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

Basis of accounting

The financial statements are prepared under the historical cost convention.

During the year under review the immediate UK parent of this company was Viasystems EMS Europe Limited, which is itself owned by Viasystems Boldon Ltd. On 11 September 2002 the company was acquired by Viasystems Group Limited. Viasystems Group Inc. remained the ultimate parent undertaking. Viasystems Group Inc prepares consolidated financial statements and accordingly the company has taken advantage of the exemption not to publish its own cash flow statement.

Basis of preparation – going concern

At 31 December 2002 the company had net liabilities. The directors have prepared the financial statements on a going concern basis, taking into account the current market position and prospects of the company, and an undertaking from the company's parent undertaking, to continue to provide working capital support to the company. The long term debt owed to the immediate parent company (see note 13) has been subordinated to third party debt.

Fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight line basis over their estimated economic lives. The estimated economic lives used for this purpose are:

Freehold land and buildings	2.5% per annum
Short term lease improvements	Over the term of the lease
Plant and machinery	15% per annum
Motor vehicles	25% per annum
Fixtures and fittings	Between 10% and 20%

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Goodwill and intangible assets

Goodwill arising on acquisitions is written off over a period of 15 years on the basis that this is the period of time over which the benefit of a transaction will accrue to the company.

Investments in participating interests

Undertakings, other than subsidiary undertakings, in which the company has an investment representing not less than 20% of the voting rights and over which it exerts significant influence are treated as participating interests.

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. Exchange gains and losses are recorded in the profit and loss account.

Investments denominated in foreign currencies are recorded at historic cost. Exchange gains and losses on translation are recorded in the statement of total recognised gains and losses.

Leases

Leasing agreements and hire purchase contracts which transfer to the company substantially all the benefits and risks of ownership of an asset ("finance leases") are treated as if the asset had been purchased outright. Assets held under such agreements are included in fixed assets and the capital element of commitments is shown as obligations under finance leases. Payments under such agreements are treated as consisting of capital and interest elements. The interest element is charged to the profit and loss account over the primary lease period in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

All other leases are treated as operating leases, the costs of which are charged on a straight line basis over the lease term.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and an appropriate proportion of production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow-moving and defective stocks. Net realisable value is based on estimated selling price less all further costs to completion and relevant marketing, selling and distribution costs.

Long-term contracts

Long term contract work in progress is stated at cost plus, where the outcome can be assessed with reasonable certainty, estimated profits attributable to the state of completion, less provision for any known or anticipated losses and progress payments received on account. Advance payments and deposits are included in creditors.

Pensions

The company operates a defined contribution pension scheme. The charge against profit is the amount of employer contributions payable to the pension scheme in respect of the accounting period.

Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. All sales are to third parties.

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

1 Accounting policies (continued)

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Government grants

Government grants are released to the profit and loss account when received, net of any amounts which may be repayable in the future.

2 Turnover

Turnover stated by destination:

	2002	2001
	£'000	£'000
United Kingdom	15,855	25,391
Europe	4,646	17,476
Elsewhere	306	-
Total	20,807	42,867

3 Directors' emoluments

	2002	2001
	£'000	£'000
Aggregate emoluments	-	227
Other emoluments	-	132
	-	359

	2002	2001
	Number	Number
Number of directors who were members of the Group money purchase pension scheme	-	1

The highest paid Director's aggregate emoluments amount to nil (2001: £359,000). Company contributions to his pension scheme amount to nil (2001: £4,107).

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

4 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2002	2001
By activity	Number	Number
Production	304	487
Sales and distribution	21	24
Administration	30	30
	355	541

	2002	2001
Staff costs	£'000	£'000
Wages and salaries	7,722	11,832
Social security costs	597	1,382
Other pension costs	153	120
	8,742	13,334

5 Profit on sale of business

	2002	2001
	£'000	£'000
Loss on disposal of trading divisions net assets	(3,121)	-
Gain on disposal of joint venture investment	3,195	-
Net profit on sale of businesses	74	-

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

6 Operating profit/(loss)

	2002	2001
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets – owned assets	973	1,326
Goodwill amortisation (note 8)	-	383
Operating lease charges	599	599
Grant release	-	(5)
Gain/(Loss) on disposal of fixed assets	17	83
Auditors' remuneration:		
- audit services	48	71
- non-audit services	1	-

7 Interest payable and similar items

	2002	2001
	£'000	£'000
Interest payable on bank loans, overdrafts and other loans:		
- repayable within five years, by instalments	74	-
Net interest payable	74	-

8 Tax on loss on ordinary activities

	2002	2001
	£'000	£'000
UK corporation tax at 30% (2000: 30.25%) based on the loss for the year		
Current	-	-
Under/(over) provision in respect of prior years	-	-
	-	-

There is a potential deferred tax asset arising from losses carried forward. This has not been recognised in these accounts on the basis of uncertainty over its recoverability.

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

9 Tangible fixed assets

	Fixtures and fittings £'000	Plant and machinery £'000	Motor vehicles £'000	Leasehold alterations £'000	Total £'000
Cost or valuation					
At 1 January 2002	2,526	9,938	489	1,085	14,038
Additions	6	74	-	1	81
Disposals	(258)	(2,094)	(134)	(163)	(2,649)
At 31 December 2002	2,274	7,918	355	923	11,470
Accumulated					
At 1 January 2002	2,048	4,242	404	792	7,486
Charge for the year	209	638	51	75	973
Disposals	(216)	(774)	(114)	(111)	(1,215)
At 31 December 2002	2,041	4,106	341	756	7,244
Net book amount					
At 31 December 2002	233	3,812	14	167	4,226
At 31 December 2001	478	5,696	85	293	6,552

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

10 Investments held as fixed assets

	2002 £'000
Cost	
At 31 December 2002	5,964
Proceeds from investment	-
Disposals	(5,964)
At 31 December 2002	-
Provision	
At 31 December 2002	2,301
Provided in year	-
Disposed of in year	(2,301)
At 31 December 2002	-
Net Book Value	
At 31 December 2002	-
At 31 December 2002	3,663

11 Stocks

	2002 £'000	2001 £'000
The Group and the Company		
Raw materials and consumables	414	1,957
Work in progress	155	598
Finished goods and goods for resale	398	484
	967	3,039

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

12 Debtors

	2002	2001
The Company	£'000	£'000
Trade debtors	1,453	9,184
Amounts owed by group undertakings	168	2,738
Prepayments and accrued income	67	106
Other debtors	39	453
	1,727	12,481

13 Creditors – Amounts falling due within one year

	2002	2001
	£'000	£'000
Trade creditors	2,863	6,065
Amounts owed to group undertakings	3,435	6,685
Accruals and deferred income	225	440
Other creditors	2,980	2,866
Taxation and social security	121	222
	9,624	16,278

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

14 Creditors – Amounts falling due after one year

	2002	2001
	£'000	£'000
Amounts owed to group undertakings	21,880	24,745

The amount due to the immediate parent company is unsecured and non-interest bearing. The directors of the immediate parent company have given an undertaking that this amount will not be recalled within a period of one year from the date of these accounts. The long term debt has been subordinated to third party debt.

15 Provisions for liabilities and charges

	Warranty provision	Environmental provision	Deferred tax provision	Total
	£'000	£'000	£'000	£'000
At 1 January 2002	437	472	-	909
Charged/(credited) to the profit and loss	(34)	-	-	(34)
Utilised during the year	-	-	-	-
31 December 2002	403	472	-	875

Warranty provisions represent costs for repairs of particular product lines sold under warranty agreements. The provision is expected to be utilised over a 3 year period from the balance sheet date.

The environmental provision is held in respect of clean-up costs associated with a site currently occupied by the Company. The provision is expected to be utilised over a 3 year period from the balance sheet date.

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

16 Called up share capital

	2002	2001
	£'000	£'000
Authorised		
36,000,000 ordinary shares of 5p each	1,800	1,800
Allotted, called up and fully paid		
23,843,704 ordinary shares of 5p each	1,192	1,192

17 Reserves

	Total	Share capital	Share premium	Capital redemption reserve	Profit and loss account
	£'000	£'000	£'000	£'000	£'000
At 1 January 2002	(13,563)	1,192	8,875	583	(24,213)
Loss for the year	(10,650)	-	-	-	(10,650)
At 31 December 2002	(24,213)	1,192	8,875	583	(34,863)

18 Reconciliation of movements in shareholders' funds

	2002	2001
	£'000	£'000
Retained loss for the year	(10,650)	(7,896)
Net change in shareholders' funds	(10,650)	(7,896)
Opening equity shareholders' funds	(13,563)	(5,667)
Closing equity shareholders' funds	(24,213)	(13,563)

19 Financial commitments

	2002	2001
	£'000	£'000
Capital expenditure contracted for at the year end	-	-

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

20 Operating lease commitments

	2002		2001	
	£'000		£'000	
	Land and Building	Other	Land and Building	Other
Leases which expire:				
- within one year	-	-	-	-
- within two to five years	431	-	599	-
	431	-	599	-

21 Pension commitments

The total pension cost for the company amounted to £153,000 (2001 : £120,000) and there were no outstanding contributions at 31 December 2002.

22 Ultimate parent undertaking

The ultimate parent undertaking and controlling party of this company is Viasystems Group Inc., which is based in the United States.

During the year under review the immediate UK parent of this company was Viasystems EMS Europe Limited, which is itself owned by Viasystems Boldon Ltd. On 11 September 2002 the company was acquired by Viasystems Group Limited. Viasystems Group Inc. remained the ultimate parent undertaking.

Group accounts for Viasystems Group Inc., are available from 101 South Hanley Road, Suite 400, St Louis, MO 63105, United States of America.

23 Related party disclosure

The company is a wholly owned subsidiary of Viasystems Europe Limited. The company has therefore taken advantage of the exemption conferred by Financial Reporting Standard 8 in not disclosing any transactions with other group companies.

During the year the company sold goods with a value of £4,625 (2001 : £1,453 2000) and purchased goods with a value of £460,000 (2001 : £1,006,420) from its participating interest, Raintherm Limited.