

AMPHENOL LIMITED

Report and Financial Statements

31 December 2001

**Deloitte & Touche
South East Regional Office
Global House
High Street
Crawley
West Sussex
RH10 1DL**



AMPHENOL LIMITED

REPORT AND FINANCIAL STATEMENTS 2001

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the accounts	8

AMPHENOL LIMITED

REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Martin Hans Loeffler
Edward Gehr Jepsen

SECRETARIES

Abogado Nominees Limited
Edward Charles Wetmore

REGISTERED OFFICE

Thanet Way
Whitstable
Kent CT5 3JF

BANKERS

National Westminster Bank Plc
140 High Street
Herne Bay
Kent CT6 5JX

SOLICITORS

Baker & McKenzie
100 New Bridge Street
London EC4V 6JA

INDEPENDENT AUDITORS

Deloitte & Touche
Chartered Accountants
Global House
High Street
Crawley
West Sussex RH10 1DL

AMPHENOL LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

ACTIVITIES

The principal activities of the company consist of the design, development, manufacturing and marketing of connectors and connector systems, flat cable and unit assemblies for diversified markets.

REVIEW OF DEVELOPMENTS

During the year the group intensified its focus within its main market sectors, realigning resources on a corporation wide basis to best service the needs of the customers and meet targeted revenue and profitability growth expectations. Part of this process involved the closure and relocation of the Scotland operational activities.

The company consolidated its leading position in Military and Aerospace within the UK, benefiting from the development of application specific, higher margin products and its successful selection on targeted key programmes.

The company also continued to extend its presence in Europe on designated products and programmes, building a platform for future growth opportunities.

FUTURE PROSPECTS

The company will continue to leverage its dominant position on all major UK programmes whilst developing available markets by selective targeting of key customers and market sectors.

The directors are optimistic that further growth will be achieved by realising opportunities from a continual philosophy of new product development, whilst extending their expertise and resources to accelerate penetration in the European market place.

Given the continuous pressure on prices within some market sectors, margin protection will continue to be a major focus, being pursued through rigorous cost reduction programmes and product range streamlining.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £2,766,000 (2000 – loss of £2,348,000). No dividends were payable during the year (2000 - £nil). The position of the company at the year end is shown on page 7.

DIRECTORS

The directors, who served throughout the year and up to the date of this report, are shown on page 1.

DIRECTORS' INTERESTS

No director had any interest in any group company incorporated in Great Britain. As the company is ultimately wholly owned by a body corporate incorporated outside Great Britain, the directors are not required to notify the company of interests in shares or debentures of that or any other member of the group incorporated outside Great Britain.

RESEARCH AND DEVELOPMENT

During 2001 the company continued its research and development in both the commercial/industrial and military/avionics fields. Costs charged to the profit and loss account amounted to £733,000 (2000 - £930,000).

CHARITABLE DONATIONS

During the year the company made charitable donations amounting to £3,000 (2000 - £1,000).

AMPHENOL LIMITED

DIRECTORS' REPORT (continued)

EMPLOYMENT POLICY

The company has continued to expand its communication methods to inform, advise, consult and negotiate on the different aspects of the business. These include:

- a complete briefing structure for all levels of employees on a monthly basis where information is given regarding the company's results and forecasts covering overall functions and departmental issues;
- consultations with trade unions; and
- regular meetings with elected and non-affiliated staff representatives.


The company's policy in relation to the employment of disabled persons is:

- full consideration is given to job applications received from disabled persons. Where disabled persons have the aptitudes and abilities necessary for the job, sympathetic consideration is given to their application;
- where an employee becomes disabled whilst employed by the company, arrangements are made wherever possible for retraining in order to perform a job identified as appropriate to the aptitudes and abilities of the individual concerned; and
- encouragement is given in the retraining, career development and promotion of all employees including disabled employees.

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



Martin H. Loeffler
Director

June 11, 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMPHENOL LIMITED

We have audited the financial statements of Amphenol Limited for the year ended 31 December 2001 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 with the company and other members of the group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit 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 as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

21 August 2002

AMPHENOL LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2001

	Note	2001 £'000	2001 £'000	2000 £'000
TURNOVER	2		31,926	40,488
Cost of sales			(24,085)	(33,769)
Gross profit			7,841	6,719
Distribution costs			(2,184)	(2,250)
Administrative expenses			(2,853)	(4,913)
OPERATING PROFIT/(LOSS)	4a	2,204		(444)
Release of provision made in 2000		600		-
			2,804	(444)
Costs of termination of operation	4b		-	(730)
Provision for loss on sale of fixed assets	4b		-	(561)
Loss on sale of fixed assets	4b	(153)		
Release of provision made in 2000		138		
			(15)	-
Provision for future losses on termination of operation	4b		-	(600)
			2,789	(2,335)
Interest payable and similar charges	5		(23)	(13)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			2,766	(2,348)
Tax on profit/(loss) on ordinary activities	6		-	-
RETAINED PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	14		2,766	(2,348)

There are no recognised gains or losses nor movements in shareholders' funds for the current and prior years other than as stated above.

All results are from continuing operations.

AMPHENOL LIMITED

BALANCE SHEET 31 December 2001

	Note	2001 £'000	2000 £'000
FIXED ASSETS			
Tangible assets	7	5,327	6,117
Investment in subsidiary undertakings	8	-	-
		<u>5,327</u>	<u>6,117</u>
CURRENT ASSETS			
Stocks	9	5,339	8,347
Debtors	10	16,529	14,783
Cash at bank and in hand		717	225
		<u>22,585</u>	<u>23,355</u>
CREDITORS: amounts falling due within one year	11	<u>(19,373)</u>	<u>(23,099)</u>
NET CURRENT ASSETS		<u>3,212</u>	<u>256</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,539</u>	<u>6,373</u>
PROVISIONS FOR LIABILITIES AND CHARGES	12	<u>-</u>	<u>(600)</u>
		<u>8,539</u>	<u>5,773</u>
CAPITAL AND RESERVES			
Called up share capital	13	4,079	4,079
Share premium account		140	140
Profit and loss account	14	4,320	1,554
EQUITY SHAREHOLDERS' FUNDS		<u>8,539</u>	<u>5,773</u>

These financial statements were approved by the Board of Directors on June 11, 2002.

Signed on behalf of the Board of Directors


Martin H. Loeffler
Director

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

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.

Tangible fixed assets

Freehold land and assets in the course of construction are not depreciated. For other assets, depreciation is provided on cost in equal annual instalments over the estimated useful lives as follows:

Freehold buildings	Over 40 years
Leasehold improvements	Over the term of the lease
Plant and machinery	Between 4 and 10 years
Fixtures and fittings	Between 4 and 10 years

Stocks

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Research and development

Research and development expenditure is written off as incurred.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future without replacement, calculated at the rates at which it is expected that tax will arise.

Leases

Rentals payable under operating leases are charged to the profit and loss account in equal annual amounts over the lease term.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction. These translation differences are dealt with in the profit and loss account.

Pension costs

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

The company continues to account for pension costs in accordance with SSAP 24, Accounting for pension costs. In order to comply with the requirements of FRS 17, Retirement Benefits, the company has disclosed the relevant information in note 15b to the accounts. None of the amounts disclosed in note 15b need to be recognised in the primary statements of the company during this transitional period.

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

2. TURNOVER

Turnover represents amounts 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. Turnover is derived from a single business segment.

An analysis of turnover by geographical market is given below:

	2001 £'000	2000 £'000
UK	24,067	31,345
Rest of Europe	5,356	5,992
Other	2,503	3,151
	<u>31,926</u>	<u>40,488</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2001 £'000	2000 £'000
Directors' emoluments		
Emoluments of the directors	-	-
	<u>-</u>	<u>-</u>
	No.	No.
Average number of persons employed		
Office and management	148	167
Manufacturing	214	311
	<u>362</u>	<u>478</u>
	£'000	£'000
Staff costs during the year		
Wages and salaries	5,065	8,376
Social security costs	398	588
Pension costs	258	541
	<u>5,721</u>	<u>9,505</u>

4a. OPERATING PROFIT/(LOSS)

	2001 £'000	2000 £'000
Operating profit/(loss) is after charging/(crediting):		
Research and development costs	733	930
Depreciation - owned assets	831	863
Operating lease payments - plant and machinery	442	438
- other	156	118
Rental income	(78)	(37)
Foreign exchange loss	118	152
Auditors' remuneration - audit fees	80	55
- other professional fees	34	38
	<u>733</u>	<u>930</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

4b. EXCEPTIONAL COSTS

These relate to costs incurred in connection with the closure of the company's Scotland operations.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £'000	2000 £'000
Bank interest payable	23	13

6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

There is no tax charge on profits arising in the year as group relief was surrendered by other group companies for no consideration. The loss incurred in the prior year does not result in a tax credit in the prior year due to items not deductible for tax purposes.

7. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Leasehold improve- ments £'000	Plant and machinery £'000	Fixtures and fittings £'000	Assets in the course of con- struction £'000	Total £'000
Cost						
At 1 January 2001	5,431	314	15,975	493	382	22,595
Reclassifications	(2)	-	426	(7)	(417)	-
Additions	50	-	282	19	55	406
Disposals	(77)	-	(855)	(299)	(20)	(1,251)
At 31 December 2001	5,402	314	15,828	206	-	21,750
Accumulated depreciation						
At 1 January 2001	3,138	266	12,678	396	-	16,478
Reclassifications	24	25	(48)	(1)	-	-
Charge for the year	65	2	733	31	-	831
Disposals	(77)	-	(510)	(299)	-	(886)
At 31 December 2001	3,150	293	12,583	127	-	16,423
Net book value						
At 31 December 2001	2,252	21	2,975	79	-	5,327
At 31 December 2000	2,293	48	3,297	97	382	6,117

Included within the cost of freehold land and buildings is land of £42,000 (2000 - £88,000).

8. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The company's investments represent the cost of its 100% interest in the ordinary shares of Amphenol-Borg Pension Trustees Limited (cost £10) and Spectra Strip Limited (cost £139), both of which are incorporated in Great Britain. Amphenol-Borg Pension Trustees Limited acts as a trustee and Spectra Strip Limited is dormant. The company takes advantage of the exemption conferred by the Companies Act not to prepare consolidated financial statements as Amphenol Holding UK, Limited, the ultimate UK parent company, prepares consolidated financial statements. The information presented in these financial statements is about the company and not its group.

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

9. STOCKS

	2001	2000
	£'000	£'000
Raw materials and consumables	3,932	5,802
Work-in-progress	519	691
Finished goods and goods for resale	888	1,854
	<u>5,339</u>	<u>8,347</u>

10. DEBTORS

	2001	2000
	£'000	£'000
Trade debtors	4,192	5,907
Amounts owed by group undertakings	10,938	6,844
Other debtors	942	1,160
Prepayments and accrued income	457	872
	<u>16,529</u>	<u>14,783</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001	2000
	£'000	£'000
Trade creditors	1,910	2,822
Amounts owed to group undertakings	15,683	17,819
Other creditors including taxation and social security	32	126
Accruals and deferred income	1,748	2,332
	<u>19,373</u>	<u>23,099</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	£'000
Future losses on termination of operation	
Balance at 1 January 2001	600
Credited to profit and loss account	(600)
	<u>-</u>
Balance at 31 December 2001	<u>-</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

12. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

Deferred tax

The amounts provided in the accounts are as follows:

	2001 £'000	2000 £'000
Capital allowances in advance of depreciation	204	91
Other timing differences	(204)	(91)
	<u>-</u>	<u>-</u>

There is no unprovided deferred taxation.

13. CALLED UP SHARE CAPITAL

	2001 £'000	2000 £'000
Authorised:		
4,129,000 ordinary shares of £1 each	<u>4,129</u>	<u>4,129</u>
Called up, allotted and fully paid:		
4,079,139 ordinary shares of £1 each	<u>4,079</u>	<u>4,079</u>

14. PROFIT AND LOSS ACCOUNT

	2001 £'000
At 1 January 2001	1,554
Retained profit for the financial year	<u>2,766</u>
At 31 December 2001	<u>4,320</u>

15a. PENSIONS

The company participates in the Amphenol Pension Plan. The scheme is a defined benefit plan providing benefits to certain employees within the company based on final pensionable pay. The assets are held separately from the company's assets, and are invested with Scottish Widows Fund and Life Assurance Society and Britannic Asset Management.

Pension costs are assessed in accordance with the advice of a qualified actuary using the projected unit method. The latest actuarial valuation of the Amphenol Pension Plan was at 1 January 1999 which assessed the market value of the pension scheme assets to be £13,642,000 and the actuarial value of these assets represented 143% of the value of benefits that had accrued to members of the pension scheme based on service to 1 January 1999 after allowing for future increases in earnings. The excess is being eliminated over 16 years, the average remaining service life of current employees in the scheme through reduced company contributions. The assumptions which have the most significant effects on the results of the valuation are those relating to the rate of return on investments and the rates of increases in salaries and pensions. It was assumed that the investment rate would be 6% per annum, that salary increases would average 3% per annum compounded annually and that future pensions would be at the rates required in the pension scheme rules.

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

15a. PENSIONS (continued)

No employer contributions were made during 2001 or 2000 as the company is currently undergoing a contribution holiday. Costs amounting to £258,000 (2000 - £541,000) have been charged to the profit and loss account reflecting the spreading of cost over the service lives of employees in the scheme. The 2000 cost includes £253,000 in respect of 2000 and £288,000 in respect of under provision in prior years. Included within creditors is a cumulative balance of £1,001,000 (2000 - £743,000) representing the excess of costs charged over contributions paid.

15b. ADDITIONAL PENSIONS DISCLOSURES

In order to comply with the disclosure requirements of FRS 17, Retirement Benefits, the following information in respect of the Amphenol Pension Plan is presented as at 31 December 2001. The amounts disclosed in this note have not been recognised in the primary statements of the company during the transitional period.

The major assumptions used by the actuary were:

Valuation at 31 December 2001

Rate of increase in salaries	3.50%
Rate of increase in pensions in payment	2.50%
Discount rate	6.00%
Inflation assumption	2.50%

The assets in the scheme and the expected rate of return were:

Valuation at 31 December 2001 and reconciliation to the prospective balance sheet

	Expected long term rate of return	Fair value £'000
Equities	7.25%	10,004
Bonds	6.00%	1,613
Property	6.50%	678
Cash	4.00%	418
Total fair value of assets		12,713
Present value of scheme liabilities		12,713
Surplus/(deficit) in the scheme		-
Related deferred tax liability		-
Net pension asset		-
Profit and loss reserve note		
		2001
		£'000
Profit and loss reserve		4,320
Existing SSAP 24 accrual		1,001
Profit and loss reserve excluding SSAP 24 accrual		5,321
FRS 17 pension reserve		-
Profit and loss reserve including FRS 17 pension liability		5,321

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

16. FINANCIAL COMMITMENTS

	2001 £'000	2000 £'000
Capital commitments		
Contracted for but not provided	18	225

Operating lease commitments

At 31 December 2001 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings 2001 £'000	Other 2001 £'000	Land and buildings 2000 £'000	Other 2000 £'000
Leases which expire:				
Within one year	-	65	-	75
Within two to five years	-	233	-	207
After five years	156	90	155	90
	<u>156</u>	<u>388</u>	<u>155</u>	<u>372</u>

17. RELATED PARTIES, ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

The company has taken advantage of the exemption available under Financial Reporting Standard 8 not to disclose transactions with other group companies as it is a wholly owned subsidiary undertaking.

The immediate parent company is Amphenol-Borg Limited, incorporated in Great Britain.

Copies of the consolidated financial statements of Amphenol Holding UK, Limited, the smallest group of which the company is a member and for which consolidated financial statements are available, can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The ultimate parent company is Amphenol Corporation, a company incorporated in the United States of America, which is the largest group of which the company is a member and for which consolidated financial statements are available. Copies of these consolidated financial statements can be obtained from Amphenol Corporation, 358 Hall Avenue, Wallingford, CT 06492, USA.

The ultimate controlling entities at the balance sheet date were KKR 1996 Fund L.P., NXS Associates L.P. and KKR Partners II L.P.