

**AMPHENOL COMMERCIAL AND
INDUSTRIAL LIMITED**

Report and Financial Statements

31 December 1998

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**



AMPHENOL COMMERCIAL AND INDUSTRIAL LIMITED

REPORT AND FINANCIAL STATEMENTS 1998

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AMPHENOL COMMERCIAL AND INDUSTRIAL LIMITED

REPORT AND FINANCIAL STATEMENTS 1998

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Martin Hans Loeffler
Edward Gehr Jepsen

SECRETARY

Abogado Nominees Limited
Edward Charles Wetmore

REGISTERED OFFICE

Thanet Way
Whitstable
Kent CR5 3JF

BANKERS

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

SOLICITORS

Baker & McKenzie
100 New Bridge Street
London EC4V 6JA

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

AMPHENOL COMMERCIAL AND INDUSTRIAL LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1998.

ACTIVITIES

The company was formed on 18 April 1997 and is the holding company of Amphenol Borg Limited.

RESULTS, DIVIDENDS AND FUTURE PROSPECTS

The profit for the year of the company after taxation amounted to £3,954,000 (1997 – loss of £490,000). Dividends of £2,600,000 were proposed during the year. The directors expect the company to continue to receive and pay dividends and to make interest payments to other group companies.

DIRECTORS AND THEIR INTERESTS

Martin H Loeffler
John B Backhouse (resigned 1 March 1999)
Edward G Jepsen (appointed 1 March 1999)

No director has any interest in the share capital of the company or any other group company registered 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.

YEAR 2000

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business; however, the situation is still being monitored. Any future costs associated with this issue cannot be quantified but are not expected to be significant.

AUDITORS

The directors appointed Deloitte & Touche as the first auditors of the company. 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

8 March 2000

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;
- 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.



AMPHENOL COMMERCIAL AND INDUSTRIAL LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 9 which have been prepared under the accounting policy 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. 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 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 1998 and of its profit for the year then ended have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

27 March 2000

AMPHENOL COMMERCIAL AND INDUSTRIAL LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 1998

		31 December 1998 £'000	Period from 18 April to 31 December 1997 £'000
	Note		
TURNOVER		-	-
OPERATING PROFIT		-	-
Dividends receivable		5,922	764
Interest payable and similar charges	3	(1,968)	(1,254)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION		3,954	(490)
Equity dividend proposed	4	(2,600)	(283)
		1,354	(773)
Retained loss brought forward		(773)	-
Retained profit/(loss) carried forward		581	(773)

There are no recognised gains or losses for the current year other than as stated above and therefore a statement of total recognised gains and losses has not been presented. There have been no other movements on the profit and loss account, other than those stated above.

All activities are from continuing operations.

AMPHENOL COMMERCIAL AND INDUSTRIAL LIMITED

BALANCE SHEET 31 December 1998

	Note	1998 £'000	1997 £'000
FIXED ASSETS			
Investment in subsidiary undertaking	5	73,166	73,166
CURRENT ASSETS			
Debtors – amounts owed by group undertakings		5,922	-
CREDITORS: amounts falling due within one year	6	(22,902)	(264)
NET CURRENT (LIABILITIES)		(16,980)	(264)
TOTAL ASSETS LESS CURRENT LIABILITIES		56,186	72,902
CREDITORS: amounts falling due after more than one year			
Bank loans and overdrafts	7	-	(21,645)
Amounts owed to group undertaking	7	(4,084)	(509)
		52,102	50,748
CAPITAL AND RESERVES			
Called up share capital	9	1	1
Share premium account		51,520	51,520
Profit and loss account		581	(773)
EQUITY SHAREHOLDERS' FUNDS	9	52,102	50,748

These financial statements were approved by the Board of Directors on 8 March 2000.

Signed on behalf of the Board of Directors



Martin H Loeffler
Director

AMPHENOL COMMERCIAL AND INDUSTRIAL LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 1998

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.

Investments

Investments are stated at the lower of cost and recoverable amount.

2. INFORMATION REGARDING DIRECTORS, EMPLOYEES AND AUDITORS

Neither director received emoluments from the company during the year and the company had no employees during the year. Audit fees were borne by other group companies.

3. INTEREST PAYABLE AND SIMILAR CHARGES

	31 December 1998 £'000	Period from 18 April to 31 December 1997 £'000
Bank loans and overdrafts	711	1,254
Interest payable to ultimate parent company	1,257	-
	<u>1,968</u>	<u>1,254</u>

4. DIVIDENDS ON EQUITY SHARES

	31 December 1998 £'000	Period from 18 April to 31 December 1997 £'000
Ordinary – proposed of £2,600 per £1 share	2,600	283

5. INVESTMENTS IN SUBSIDIARY UNDERTAKING

The company's investment in subsidiary undertakings represents its 100% shareholding in Amphenol Borg Limited, an intermediate parent company, registered in England and Wales. Amphenol Borg Limited owns 100 per cent of the issued share capital of Amphenol Limited which designs, develops, manufactures and markets connectors and connector systems, flat cable and unit assemblies for diversified markets and a non-trading company, Amphenol-Borg Pension Trustees Limited. The company takes advantage of an exemption conferred by the Companies Act to not prepare consolidated financial statements; Amphenol Holding UK Limited, the immediate parent company, prepares consolidated financial statements. The information presented in these financial statements is about the company and not the group.

AMPHENOL COMMERCIAL AND INDUSTRIAL LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 1998

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £'000	1997 £'000
Amounts owed to group undertakings:		
Ultimate parent company	21,645	-
Accruals and deferred income	1,257	264
	<u>22,902</u>	<u>264</u>

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

	1998 £'000	1997 £'000
Bank loan	-	21,645
Amounts owed to group undertakings:		
Fellow subsidiaries	4,084	509
	<u>4,084</u>	<u>22,154</u>

8. BORROWINGS

	1998 £'000	1997 £'000
Loan from parent company	21,645	-
Bank loan	-	21,645
	<u>21,645</u>	<u>21,645</u>
Analysis of loan repayments:		
Bank loan:		
Due within one year	-	-
Due after more than one year	-	21,645
Loan from parent company:		
Due within one year or on demand	21,645	-
	<u>21,645</u>	<u>21,645</u>
Amounts repayable by instalments some of which fall due after five years:		
Bank Loans:		
Due after more than one year but less than two years	-	1,548
Due after than two or more years but less than five years	-	8,965
Due after than five or more years	-	11,132
Due after more than one year	<u>-</u>	<u>21,645</u>

The loan was repaid during 1998 and substituted by inter-company debt. The intercompany loan bears interest at a rate of 9.125% and is repayable on demand.

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NOTES TO THE ACCOUNTS Year ended 31 December 1998

9. CALLED UP SHARE CAPITAL

	1998 £'000	1997 £'000
Authorised:		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>
Called up, allotted and fully paid:		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

The £1 ordinary shares were issued on the foundation of the company for consideration of £51,521,000 and as a consequence £51,520,000 was added to the share premium account.

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £'000	1997 £'000
Profit/(loss) for the year	3,954	(490)
Issue of:		
Share capital	-	1
Share premium	-	51,520
Dividends	(2,600)	(283)
Net addition to shareholders' funds	<u>1,354</u>	<u>50,748</u>
Opening shareholders' funds	50,748	-
Closing shareholders' funds	<u>52,102</u>	<u>50,748</u>

11. RELATED PARTY TRANSACTIONS

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.

12. PARENT UNDERTAKING AND CONTROLLING ENTITIES

The immediate parent company and controlling entity is Amphenol Holding UK Limited, incorporated in Great Britain. Copies of the consolidated financial statements of Amphenol Holding UK Limited, the largest UK group of which the company is a member, can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

The ultimate controlling entities are Kohlberg Kravis Roberts & Company L.P. 1993 Fund LP and KKR 1996 Fund L.P.