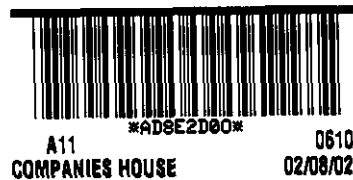


Pressac Interconnect Limited

Directors' report and financial
statements

Registered number 554636

For the year ended 31 December 2001



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Directors' report

The directors submit their report and the financial statements of the company for the year ended 31 December 2001.

Principal activities

The company designs, manufactures and assembles electromechanical components for the automotive, telecommunications and domestic electronics industries.

Business review and future developments

Despite difficult market conditions, operating performance improved year on year as the benefits of cost reduction programmes were realised. Management continue to focus on operational improvements and targeting new business with the aim of returning the company to profitability.

Results

The results for the year are shown on page 6. The directors do not recommend the payment of a dividend (2000: £5,000,000).

Directors

The names of the directors of the company who held office at 31 December 2001 are as follows, together with their beneficial interests in the ordinary shares of Pressac plc, the company's ultimate parent company:

	At 1 January 2001 and at 31 December 2001
GC White (resigned 25 June 2001)	*
HS Gordon	*
HR Lewis	*
D Whittaker	2,457
DJ Rippin	15,934
J Astill	29,309
	<hr/>
	47,700
	<hr/> <hr/>

*At 31 December 2001 Messrs HS Gordon and HR Lewis were members of the board of the ultimate parent company and are, therefore, not required to notify their share interests in Pressac plc, the company's ultimate parent company.

Subsequent to the year end Mr P Clay was appointed as a director on 26 March 2002.

There have been no other changes in the directors share holding since 31 December 2001.

Directors' report *(continued)*

Directors *(continued)*

The following table shows options outstanding under the Pressac plc Approved Executive Share Option Scheme ("the 1986 Approved Scheme"). All grants are to subscribe for ordinary shares of 5p each.

	At 1 January 2001 and at 31 December 2001	Exercise price	Date from which exercisable	Expiry date
		£		
DJ Rippin	6,069	0.7661	Nov 1997	Nov 2004

The following table shows options outstanding under the Pressac plc Approved Executive Share Option Scheme ("the 1996 Approved Scheme"). All grants are to subscribe for ordinary shares of 5p each.

	At 1 January 2001 and at 31 December 2001	Exercise price	Date from which exercisable	Expiry date
		£		
DJ Rippin	9,500	2.665	Feb 2003	Feb 2010
J Astill	18,927	1.585	Dec 2003	Dec 2010
	28,427			

The following table shows options outstanding under the Pressac plc Unapproved Executive Share Option Scheme ("the 1996 Unapproved Scheme"). All grants are to subscribe for ordinary shares of 5p each.

	At 1 January 2001 and at 31 December 2001	Exercise price	Date from which exercisable	Expiry date
		£		
DJ Rippin				
Nov 1998	30,000	2.1700	Nov 2001	Nov 2005
Nov 1999	10,000	2.2900	Nov 2002	Nov 2006
Feb 2000	40,500	2.6650	Feb 2003	Feb 2007
J Astill				
Nov 1998	20,000	2.1700	Nov 2001	Nov 2005
Nov 1999	10,000	2.2900	Nov 2002	Nov 2006
Dec 2000	1,073	1.5850	Dec 2003	Dec 2007
D Whittaker				
Nov 1998	75,000	2.1700	Nov 2001	Nov 2005
Dec 2000	15,000	1.5850	Dec 2003	Dec 2007
	201,573			

Directors' report *(continued)*

Directors *(continued)*

The following table shows options outstanding under the Sharesave Scheme at 31 December 2001. All grants are to subscribe for ordinary shares of 5p each.

	At 1 January 2001 and at 31 December 2001	Exercise price £	Date from which exercisable	Expiry date
DJ Rippin				
Dec 1998	8,481	1.5200	Mar 2004	Aug 2004
Dec 2000	864	1.3000	Feb 2004	Jul 2004
J Astill				
May 1997	988	1.6043	Jul 2002	Dec 2002
Dec 1998	2,702	1.5200	Mar 2002	Aug 2002
Dec 2000	1,699	1.2300	Feb 2004	Jul 2004
	14,734			

Options issued to Mr J Astill under the Sharesave Scheme to subscribe for 2,702 ordinary shares lapsed on 1 March 2002.

The Group operates the Pressac plc Long Term Incentive Plan ("LTIP") which was approved by shareholders in December 1996. Awards under the LTIP can be made to executive directors of Pressac plc and senior executives of the group.

Receipt of benefits under this scheme is dependant upon satisfaction by the group of demanding predetermined performance criteria over a period of at least 36 months commencing at the beginning of the financial year in which an option is granted, or right awarded, to a participant.

At 31 December 2001 Mr D Whittaker had options over 25,200 ordinary shares, of 5p each exercisable between 1 August 2001 and 4 August 2004.

The value of these options at 31 December 2001 was £5,796

The value of the future payout has been based on the middle market quotation for ordinary 5p shares at 29 December 2001 of £0.23 per share.

Employees

During the year, employees were provided with information relating to the performance of the company and on the progress of the business through regular consultation between employee representatives and the company.

The company also makes its employees aware of the financial and economic factors affecting it by consultative policies such as the issue of newsletters and management briefings.

The company is fully aware of its statutory and social obligations towards the disabled and every consideration is given to them during recruitment and career development. Employees who become disabled are retained where possible either in their existing or more suitable jobs.

Directors' report *(continued)*

Research and development

The company has a research and development programme for both new products and markets and the improvement of existing products and methods.

Creditor payment policy

Terms of payment are agreed with individual suppliers prior to trading. It is the company's policy to settle with its suppliers as payments fall due, provided the supplier has provided the goods and services in accordance with agreed terms and conditions. The company does not have a standard code which deals with the payment of suppliers.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss of the company for that year. In preparing those accounts, the directors are required to:

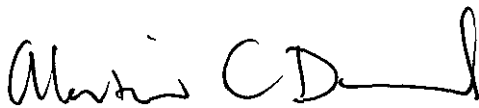
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 accounts comply with the Companies Act 1985. They have 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.

Auditor

In accordance with Section 250(1) of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



AC David
Secretary

Acton Grove
Long Eaton
Nottingham
NG10 1FW

11 April 2002



KPMG Audit Plc

2 Cornwall Street
Birmingham
B3 2DL
United Kingdom

Independent auditors' report to the members of Pressac Interconnect Limited

We have audited the financial statements on pages 6 to 18.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 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 is not disclosed.

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.

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 loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

11 April 2002

Profit and loss account
for the year ended 31 December 2001

	<i>Notes</i>	2001 £	2000 £
Turnover - continuing operations	2	10,452,485	15,901,940
Cost of sales (including exceptional items of £1,640,493)	4	(11,757,131)	(16,242,225)
Gross loss		(1,304,646)	(340,285)
Distribution costs		(442,533)	(1,065,788)
Administration expenses		(439,601)	(769,480)
Operating loss		(2,186,780)	(2,175,553)
Net interest payable	5	(288,423)	(107,875)
Loss on ordinary activities before taxation	6	(2,475,203)	(2,283,428)
Tax on loss on ordinary activities	7	161,915	735,999
Loss attributable to ordinary shareholders		(2,313,288)	(1,547,429)
Dividends on equity shares	8	-	(5,000,000)
Retained loss for the financial year	17	(2,313,288)	(6,547,429)

The company has no recognised gains or losses in either the current or prior period other than the loss for the period.

Note of historical cost profit and loss
for the year ended 31 December 2001

	2001 £	2000 £
Reported loss on ordinary activities before taxation	(2,475,203)	(2,283,428)
Transfer from revaluation reserve on realisation	-	147,892
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	75,706	18,060
	<hr/>	<hr/>
Historical cost loss on ordinary activities before taxation	(2,399,497)	(2,117,476)
	<hr/>	<hr/>
Historical cost loss for the period retained after taxation and dividends	(2,237,582)	(6,381,477)
	<hr/> <hr/>	<hr/> <hr/>

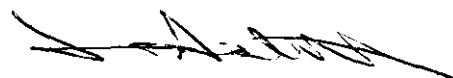
Reconciliation of movements in shareholders' funds
for the year ended 31 December 2001

	2001 £	2000 £
Loss for the financial period	(2,313,288)	(1,547,429)
Dividend	-	(5,000,000)
	<hr/>	<hr/>
Retained loss	(2,313,288)	(6,547,429)
Opening equity shareholders' funds	5,578,069	12,125,498
	<hr/>	<hr/>
Closing equity shareholders' funds	3,264,781	5,578,069
	<hr/> <hr/>	<hr/> <hr/>

Balance sheet
at 31 December 2001

	<i>Notes</i>	2001		2000	
		£	£	£	£
Fixed assets					
Intangible assets	9		-		297,307
Tangible assets	10		4,011,512		5,823,330
Investments	11		-		-
			<hr/>		<hr/>
			4,011,512		6,120,637
Current assets					
Stocks	12	1,204,500		1,293,191	
Debtors	13	9,021,760		9,648,146	
Cash at bank and short term deposits		3,367		7,108	
			<hr/>		<hr/>
			10,229,627		10,948,445
Creditors: Amounts falling due within one year	14	(10,721,423)		(10,904,834)	
			<hr/>		<hr/>
Net current (liabilities)/assets			(491,796)		43,611
			<hr/>		<hr/>
Total assets less current liabilities			3,519,716		6,164,248
Provisions for liabilities and charges	15		(254,935)		(586,179)
			<hr/>		<hr/>
Net assets			3,264,781		5,578,069
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	16	1,005,250		1,005,250	
Share premium account		3,000,000		3,000,000	
Revaluation reserve	17	980,938		1,056,644	
Profit and loss account	17	(1,721,407)		516,175	
			<hr/>		<hr/>
Equity shareholders' funds			3,264,781		5,578,069
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 11 April 2002 and were signed on its behalf by:



J Astill
 Director

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 company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention as supplemented by the revaluation of freehold and long leasehold properties.

Under Financial Reporting Standard 1 (Revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that Pressac plc includes the company in its own published consolidated accounts.

Depreciation

No depreciation is provided on freehold land. The gross book value less residual value of other tangible fixed assets is depreciated by equal annual instalments over their estimated useful lives.

The following are the principal periods over which the tangible fixed assets are depreciated:

Freehold buildings	- 45 years
Long leasehold properties	- 50 years
Short leasehold properties	- 20 years
Plant and equipment	- 4 to 10 years
Motor vehicles	- 5 years

Stocks

Stock and work in progress is valued at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and appropriate overheads.

Pension costs

The company is a member of the group pension schemes which are defined contribution schemes. The pension cost represents contributions payable by the company to the schemes. The assets of the schemes are held separately from those of the group in independently administered funds.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that assets or liabilities will actually crystallise.

Research and development

Development costs on clearly defined projects, the outcome of which have been assessed with reasonable certainty, are capitalised to the extent that their recovery can reasonably be regarded as assured and are amortised on a unit of production basis up to a maximum of seven years. Other research and development revenue expenditure is written off against profits in the year in which it is incurred.

Foreign currencies

The company enters into foreign currency contracts and foreign currency borrowings in the normal course of business in order to reduce its exposure to the effects of currency fluctuations on its overseas sales revenues. Such foreign currency borrowings are stated at the relevant historical exchange rate. Other than referred to above, transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction, and monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Gains and losses on translation are included in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

Leased assets

Assets acquired on finance leases (including hire purchase) are capitalised and depreciated in accordance with the company's depreciation policies and the corresponding capital cost is shown as an obligation to the lessor. The interest element is charged to the profit and loss account using the sum of digits method.

The costs of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Related party interest

Under FRS8 the company is exempt from the requirement to disclose related party transactions.

2 Turnover

Turnover is the total value of all amounts invoiced to customers in respect of goods supplied or services rendered during the year excluding value added tax.

The analysis of turnover by geographical destination is as follows:

	2001	2000
	£	£
United Kingdom	3,997,907	6,809,124
Rest of Europe	4,338,317	5,406,913
United States of America	1,401,895	2,572,058
Far East	9,000	8,000
Other	705,366	1,105,845
	10,452,485	15,901,940
	10,452,485	15,901,940

3 Staff numbers and cost

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

	Number of employees	
	2001	2000
Management	11	12
Administration	5	5
Sales	4	4
Production	139	151
	159	172
	159	172

Notes (continued)

3 Staff numbers and cost (continued)

The aggregate payroll costs of these persons were as follows:

	2001 £	2000 £
Wages and salaries (including termination payments)	2,840,336	4,410,584
Social security costs	224,609	336,330
Other pension costs	77,805	107,575
	3,142,750	4,854,489
	3,142,750	4,854,489

4 Exceptional items

	2001 £	2000 £
Impairment of fixed assets:		
Intangible fixed assets	297,307	-
Tangible fixed assets	1,343,186	-
	1,640,493	-
	1,640,493	-

A review of assets and activities for ultimate disposal has been carried out which identified non-core assets which have been written down to their realisable value.

5 Net interest payable

	2001 £	2000 £
Interest payable and similar charges:		
Interest on bank loans and overdrafts	328,919	107,875
Interest receivable and similar income:		
Short term deposits	(40,496)	-
	288,423	107,875
	288,423	107,875

Notes (continued)

6 Loss on ordinary activities before taxation

	2001	2000
	£	£
Loss on ordinary activities before taxation is stated after charging:		
Depreciation		
- owned assets	741,842	1,721,453
Auditors' remuneration	20,000	22,667
Operating lease rentals		
- land and buildings	45,560	85,914
- plant, equipment	34,334	69,609
Expenditure on research and development:	416,658	659,281
Amortisation of deferred expenditure	-	192,902
	-----	-----

The remuneration of the auditor and its associates for non-audit work amounted to £Nil (2000: £Nil) during the year.

The directors' remuneration for the year was as follows:

	2001	2000
	£	£
Remuneration		
Emoluments for qualifying services	199,807	332,138
Pension contributions to money purchase schemes	26,215	57,961
	-----	-----
	226,022	390,099
	-----	-----
Number of directors who are:		
Members of money purchase pension schemes	5	6
	-----	-----

The remuneration of the highest paid director (excluding pension contributions) was £101,866 (2000: £118,703).

7 Tax on loss on ordinary activities

The tax credit comprises:

	2001	2000
	£	£
<i>UK corporation tax</i>		
Current tax on income for the year	-	345,771
Adjustments in respect of prior periods	(169,329)	50,407
	-----	-----
	(169,329)	396,178
Deferred tax (see note 15)	331,244	339,821
	-----	-----
	161,915	735,999
	-----	-----

Notes *(continued)*

8 Dividends on equity shares

	2001	2000
	£	£
Interim dividend of £Nil per share <i>(2000: £5,000,000)</i>	-	5,000,000
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

9 Intangible fixed assets

The summary of the movement of intangible fixed assets during the year is as follows:

	Development costs
	£
<i>Cost</i>	
At 1 January 2001 and 31 December 2001	1,260,874
	<hr style="width: 100%;"/>
<i>Amortisation</i>	
At 1 January 2001	963,567
Impairment charge for the year	297,307
	<hr style="width: 100%;"/>
At 31 December 2001	1,260,874
	<hr style="width: 100%;"/>
<i>Net book value</i>	
At 31 December 2001	-
	<hr style="width: 100%;"/>
At 31 December 2000	297,307
	<hr style="width: 100%;"/>

Notes (continued)

10 Tangible fixed assets

The summary of the movements of tangible fixed assets during the period is as follows:

	Freehold property £	Short leasehold property £	Plant, equipment and vehicles £	Assets in the course of construction £	Total £
Cost or valuation					
At 1 January 2001	1,842,690	215,705	17,066,618	716,010	19,841,023
Additions/transfers					
- transfers	-	-	716,010	(716,010)	-
- external	-	-	142,092	-	142,092
- intra-group	-	-	199,659	-	199,659
Disposals - external	-	-	(53,375)	-	(53,375)
At 31 December 2001	1,842,690	215,705	18,071,004	-	20,129,399
Depreciation					
At 1 January 2001	338,962	89,712	13,589,019	-	14,017,693
Charge for the year	17,844	2,701	721,297	-	741,842
Additions - intra group	-	-	62,786	-	62,786
Disposals - external	-	-	(47,620)	-	(47,620)
Impairment charge for the year	60,943	117,305	1,164,938	-	1,343,186
At 31 December 2001	417,749	209,718	15,490,420	-	16,117,887
Net book value					
At 31 December 2001	1,424,941	5,987	2,580,584	-	4,011,512
At 31 December 2000	1,503,728	125,993	3,477,599	716,010	5,823,330

Land of £724,000 (2000: £724,000) included in freehold property is not depreciated.

The freehold and leasehold properties shown at valuation above were valued professionally at July 1989 by Connell Hallam Brackett, independent commercial surveyors and property consultants on an open market value and existing use basis, in accordance with the Statements of Asset Valuation Practice and Guidance Notes, as issued by the Royal Institution of Chartered Surveyors.

Notes *(continued)*

10 Tangible fixed assets *(continued)*

The amount of freehold and long leasehold properties (included above at valuation) determined according to the historical cost accounting rules is as follows:

	At valuation		At cost	
	2001	2000	2001	2000
	£	£	£	£
Cost	1,769,000	1,769,000	566,816	566,816
Depreciation	(356,270)	(277,460)	(135,024)	(131,920)
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value	1,412,730	1,491,540	431,792	434,896
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Contracts for capital expenditure not provided for in these financial statements amounted at 31 December 2001 to £Nil (2000: £586,157).

11 Investments

The company holds the following unlisted investments:

	£
Shares:	
Cost	
At 1 January 2001 and 31 December 2001	4,423
	<hr/>
Provisions:	
At 1 January 2001 and 31 December 2001	4,423
	<hr/>
Net book value	
At 31 December 2001	-
	<hr/>
At 31 December 2000	-
	<hr/>

The company holds 15% of the issued share capital of Previnsa SA, a company incorporated, registered and operating in Spain.

Notes (continued)

12 Stocks

	2001 £	2000 £
Raw materials	303,445	271,823
Work in progress	486,319	602,374
Finished goods	414,736	418,994
	1,204,500	1,293,191

13 Debtors

	2001 £	2000 £
Trade debtors	1,837,680	2,009,003
Amounts owed by parent undertaking	-	6,971,300
Amounts owed by group undertakings	7,045,410	261,553
Other debtors	101,106	37,265
Prepayments and accrued income	37,564	23,254
Corporation tax recoverable	-	345,771
	9,021,760	9,648,146

14 Creditors: Amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	5,743,468	641,457
Trade creditors	1,746,562	1,688,651
Amounts owed to parent undertaking	2,795,667	7,759,382
Amounts owed to group undertakings	88,315	146,193
Other creditors	81,084	242,408
Taxation and social security	72,554	121,760
Accruals	193,773	304,983
	10,721,423	10,904,834

At the year end, pension contributions of £4,567 (2000: £9,325) representing December 2001 deductions were included in creditors. Payment of these contributions was made to the pension schemes in January 2002.

Notes (continued)

15 Provisions for liabilities and charges

Deferred taxation

	2001	2000
	£	£
At beginning of period	586,179	926,000
Profit and loss account	(331,244)	(298,079)
Transfer	-	(41,742)
	<hr/>	<hr/>
At end of period	<u>254,935</u>	<u>586,179</u>

The amounts provided for deferred taxation and the amounts unprovided calculated at 30% (2000: 30%) are as follows:

	2001		2000	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Capital allowances and other timing differences	255,896	-	656,143	-
Short term timing differences	(961)	-	(69,964)	-
Chargeable gain arising on revaluation surplus	-	195,000	-	195,000
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>254,935</u>	<u>195,000</u>	<u>586,179</u>	<u>195,000</u>

16 Called up share capital

	2001	2000
	£	£
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1,005,250	1,005,250
	<hr/>	<hr/>

17 Reserves

	Revaluation reserve	Profit and loss account
	£	£
At 1 January 2001	1,056,644	516,175
Transfer	(75,706)	75,706
Retained loss for the year	-	(2,313,288)
	<hr/>	<hr/>
At 31 December 2001	<u>980,938</u>	<u>(1,721,407)</u>

18 Liability

The company has guaranteed the overdrafts of its parent undertaking and fellow UK subsidiary undertakings which, at 31 December 2001, amounted to £78,141,000 (2000: £70,012,000).

Notes *(continued)*

19 Leasing commitments

	2001	2000
	£	£
<i>Operating leases</i>		
Payments due within the next twelve months in respect of land and buildings:		
Terminating within one year	-	7,500
Terminating between one and five years	37,936	37,936
Payments due within next twelve months in respect of plant and machinery		
Terminating between one and five years	15,786	13,499
	<hr/> 53,722 <hr/>	<hr/> 58,935 <hr/>

20 Ultimate parent company

The company's ultimate parent company is Pressac plc, incorporated in Great Britain and registered in England and Wales. A set of the ultimate parent company accounts are available on request from 100 Mansfield Road, Derby, DE1 3TT.