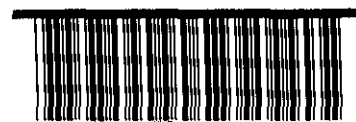


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NEOSID GROUP LIMITED

COMPANY NUMBER 309140

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2000

NEOSID GROUP LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

Results and dividends

The profit for the year after taxation was £131,000 (1999: £276,000).

Dividends amounting to £132,000 (1999: £nil) representing 20.8p (1999: nil p) per share have been declared and paid in the year leaving a loss of £1,000 (1999: profit £276,000) to be transferred from reserves.

Activities

The company is an intermediate holding company, whose only trading activity is the administration of property in Australia.

Review of the business

The results for the year are shown in the profit and loss account on page 6.

Future developments

The company is trading profitably and the directors expect to maintain present activity levels.

Directors

The directors of the company, all of whom served throughout the year except where stated, were:

M G Leigh

R W Weaver

D E A Crowe (resigned 1 May 2000)

P Felbeck (appointed 1 May 2000)

P Felbeck having been appointed since the last Annual General Meeting, retires in accordance with the Articles of Association and being eligible offers himself for re-appointment.

None of the directors had any interest in the shares of the company.

NEOSID GROUP LIMITED

REPORT OF THE DIRECTORS

The beneficial interests of each director in the shares and share options of the ultimate parent undertaking are noted below.

	25p ordinary shares			
	31 December 2000		1 January 2000 (or date of appointment)	
	Shares	Options	Shares	Options
M G Leigh	103,257	50,665	103,257	38,177
P Felbeck	-	-	-	-
	<u>103,257</u>	<u>50,665</u>	<u>103,257</u>	<u>38,177</u>

Share options are exercisable on or after	Number of options
9 November 1997 at 232.000 pence	4,470
4 April 1998 at 241.000 pence	6,198
6 June 1999 at 353.000 pence	4,700
22 April 2000 at 359.000 pence	4,178
24 March 2001 at 300.000 pence	5,033
31 March 2002 at 177.500 pence	8,873
28 March 2003 at 91.500 pence	17,213
	<u>50,665</u>

The beneficial interests of R W Weaver are disclosed in the financial statements of TT Group PLC since he is also a director of that company.

Statement of directors' responsibilities for preparing the financial statements

The directors are required by UK company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 31 December 2000. The directors also confirm that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and that the financial statements have been prepared on the going concern basis.

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

NEOSID GROUP LIMITED

REPORT OF THE DIRECTORS

Auditors

Grant Thornton have expressed their willingness to continue in office and in accordance with Section 385 of the Companies Act 1985 a resolution proposing their re-appointment will be put to the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



M G Leigh
SECRETARY

23 March 2001

Registered office:

Clive House
12 - 18 Queens Road
Weybridge
Surrey
KT12 9XB

**REPORT OF THE AUDITORS TO THE MEMBERS OF
NEOSID GROUP LIMITED**

We have audited the financial statements on pages 5 to 12 which have been prepared under the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 2 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.

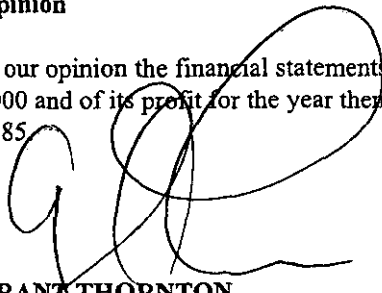
Basis of opinion

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 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
SHEFFIELD**

23 March 2001

NEOSID GROUP LIMITED

PRINCIPAL ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and under the historical cost convention, except that certain assets are included at their revalued amount.

The company is a wholly owned subsidiary of TT Group PLC and the cash flows of the company are included in the consolidated group cash flow statement of TT Group PLC. Consequently, the company is exempt under the terms of Financial Reporting Standard 1 (Revised 1996) from publishing a cash flow statement.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

CONSOLIDATED FINANCIAL STATEMENTS

The company has taken advantage of the exemption permitted by Section 228 of the Companies Act 1985 and not produced consolidated financial statements as it is itself a wholly owned subsidiary.

DEPRECIATION

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible assets other than freehold land by equal annual instalments over their expected useful lives. The periods generally applicable are:

Freehold buildings	50 years
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Freehold land is not depreciated.

FIXED ASSETS

Following the implementation of FRS 15 "Tangible Fixed Assets" the Group has adopted a policy of not revaluing fixed assets. The carrying amount of tangible fixed assets previously revalued have been retained at their book amount in accordance with the transitional provisions of FRS 15.

INVESTMENTS

Investments are included at cost.

FOREIGN CURRENCIES

Monetary assets and liabilities in foreign currency are translated at the rates ruling at the balance sheet date. Transactions during the year are translated at rates ruling at the time of the transactions. Exchange differences which arise from normal trading activities are dealt with through the profit and loss account.

NEOSID GROUP LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2000

	Note	2000 £'000	1999 £'000
Administrative expenses		(1)	(1)
Operating loss		(1)	(1)
Income from shares in group undertakings		132	308
Profit on ordinary activities before taxation	1	131	307
Taxation	2	-	(31)
Profit on ordinary activities after taxation	10	131	276
Dividends			
Interim of 20.8p per share (1999: nil p)		(132)	-
Loss retained	9	(1)	276

The above results all arise from continuing activities.

The accompanying accounting policies and notes form an integral part of these financial statements.

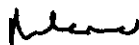
NEOSID GROUP LIMITED

BALANCE SHEET AT 31 DECEMBER 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	3	34	40
Investments	4	1,386	1,386
		<u>1,420</u>	<u>1,426</u>
Current assets			
Debtors	5	571	575
Creditors: amounts falling due within one year	6	(7)	(7)
Net current assets		<u>564</u>	<u>568</u>
Total assets less current liabilities		<u>1,984</u>	<u>1,994</u>
Creditors: amounts falling due after more than one year	7	(352)	(352)
		<u>1,632</u>	<u>1,642</u>
Capital and reserves			
Called up share capital	8	672	672
Share premium account	9	210	210
Revaluation reserve	9	32	35
Profit and loss account	9	718	725
Shareholders' funds	10	<u>1,632</u>	<u>1,642</u>

The financial statements were approved by the Board of Directors on 23 March 2001.

R W Weaver



Directors

M G Leigh



The accompanying accounting policies and notes form an integral part of these financial statements.

NEOSID GROUP LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2000

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2000	1999
	£'000	£'000
Profit for the financial year	131	276
Currency differences on foreign currency net investments	(9)	10
Total recognised gains and losses for the year	122	286

NEOSID GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

1 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Operating profit is stated after:

	2000 £'000	1999 £'000
Depreciation - tangible fixed assets, owned	-	2

2 TAXATION

	2000 £'000	1999 £'000
Overseas tax	-	31

3 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000
Cost or valuation	
At 1 January 2000	55
Exchange differences	(6)
At 31 December 2000	49
Depreciation	
At 1 January 2000 and 31 December 2000	15
Net book amount at 31 December 2000	34
Net book amount at 31 December 1999	40

The net book amount of freehold land and buildings included £29,000 (1999: £29,000) in respect of land.

NEOSID GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

4 FIXED ASSET INVESTMENTS

Investments in subsidiary undertakings

	Shares in group undertakings £'000
Cost and net book amount At 31 December 1999 and 31 December 2000	1,386

The directly and wholly owned trading subsidiary undertakings of the company are:

Subsidiary undertaking	Nature of business	Class of share capital	Proportion held	Country of incorporation and operation
MMG Neosid Limited	Soft ferrite and iron powder components	Ordinary	100%	England and Wales
Neosid (Canada) Limited	Soft ferrite, iron powder and inductive components	Ordinary	100%	Canada

5 DEBTORS

	2000 £'000	1999 £'000
Amounts falling due within one year: Amounts owed by group undertakings	571	575

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £'000	1999 £'000
Accruals and deferred income	7	7

7 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £'000	1999 £'000
Amounts owed to group undertakings	352	352

Amounts owed to group undertakings are repayable after more than one year. No interest is payable on this amount.

NEOSID GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

8 SHARE CAPITAL

	2000 £'000	1999 £'000
Authorised		
950,000 ordinary shares of £1 each	950	950
36,000 3.5% non cumulative preference shares of £1 each	36	36
14,000 unclassified shares of £1 each	14	14
	<u>1,000</u>	<u>1,000</u>
Issued and fully paid		
635,660 ordinary shares of £1 each	636	636
36,000 3.5% non cumulative preference shares of £1 each	36	36
	<u>672</u>	<u>672</u>

9 RESERVES

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2000	210	35	725
Loss for the year	-	-	(1)
Exchange differences	-	(3)	(6)
At 31 December 2000	<u>210</u>	<u>32</u>	<u>718</u>

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £'000	1999 £'000
Profit for the year	131	276
Dividends	(132)	-
Other recognised gains and losses	(9)	10
Net movement in shareholders' funds	<u>(10)</u>	<u>286</u>
Shareholders' funds at 1 January 2000	1,642	1,356
Shareholders' funds at 31 December 2000	<u>1,632</u>	<u>1,642</u>

NEOSID GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

11 TRANSACTIONS WITH RELATED PARTIES

The company has taken advantage of the exemption available under FRS 8 and has not disclosed transactions with companies that are part of the TT group of companies.

12 CONTROLLING RELATED PARTIES

Magnetic Materials Group Limited is the company's controlling related party by virtue of its 100 per cent interest in the company.

The company's ultimate controlling related party and ultimate parent undertaking is TT Group PLC which is registered in England and Wales.

Copies of TT Group PLC financial statements can be obtained from the registered office at Clive House, 12-18 Queens Road, Weybridge, Surrey, KT13 9XB.