



NEOSID GROUP LIMITED

COMPANY NUMBER 309140

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED

31 DECEMBER 2001

NEOSID GROUP LIMITED

REPORT OF THE DIRECTORS

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

Results and dividends

The profit for the year after taxation was £278,000 (2000: £131,000).

Dividends amounting to £279,000 (2000: £132,000) representing 43.9p (2000: 20.8p) per share have been declared and paid in the year leaving a loss of £1,000 (2000: £1,000) to be transferred from reserves.

Activities

The principal activity of the company is that of 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, were:

M G Leigh
R W Weaver
P Felbeck

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 the share options of the ultimate parent undertaking are noted below.

| | 31 December 2001 | | 25p ordinary shares | |
|-----------|------------------|---------------|--------------------------|---------------|
| | Shares | Options | 1 January 2001 Shares | Options |
| M G Leigh | 103,257 | 59,695 | 103,257 | 50,665 |
| P Felbeck | - | 10,125 | - | - |
| | <u>103,257</u> | <u>69,820</u> | <u>103,257</u> | <u>50,665</u> |

| Share options are exercisable on or after | Number of options |
|---|----------------------|
| 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 |
| 18 April 2004 at 163.000 pence | 23,625 |
| | <u>69,820</u> |

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

Statement of directors' responsibilities for preparing the financial statements

The directors are required by United Kingdom 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 2001. 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

25 March 2002

Registered office:

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

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

We have audited the financial statements of Neosid Group Limited for the year ended 31 December 2001 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the statement of total recognised gains and losses and notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 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.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

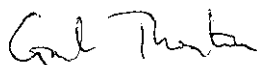
Basis of opinion

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 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.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
SHEFFIELD**

25 March 2002

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 freehold properties are shown at their revalued amounts. The group has implemented FRS 18 "Accounting Policies".

The company is a wholly owned subsidiary of TT electronics plc and the cash flows of the company are included in the consolidated group cash flow statement of TT electronics plc. Consequently, the company is exempt under the terms of FRS 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 |
|--------------------|----------|

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 currencies 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 2001

| | Note | 2001 £'000 | 2000 £'000 |
|--|------|---------------|---------------|
| Administrative expenses | | (1) | (1) |
| Operating loss | | (1) | (1) |
| Income from shares in group undertakings | | 310 | 132 |
| Profit on ordinary activities before taxation | | 309 | 131 |
| Taxation | 1 | (31) | - |
| Profit on ordinary activities after taxation | 9 | 278 | 131 |
| Dividends | | | |
| Interim of 43.9p per share (2000: 20.8p) | | (279) | (132) |
| Loss retained | 8 | (1) | (1) |

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 2001

| | Note | 2001 £'000 | 2000 £'000 |
|---|------|---------------|---------------|
| Fixed assets | | | |
| Tangible assets | 2 | 31 | 34 |
| Investments | 3 | <u>1,386</u> | <u>1,386</u> |
| | | <u>1,417</u> | <u>1,420</u> |
| Current assets | | | |
| Debtors | 4 | 569 | 571 |
| Creditors: amounts falling due within one year | 5 | <u>(7)</u> | <u>(7)</u> |
| Net current assets | | <u>562</u> | <u>564</u> |
| Total assets less current liabilities | | 1,979 | 1,984 |
| Creditors: amounts falling due after more than one year | 6 | <u>(352)</u> | <u>(352)</u> |
| | | <u>1,627</u> | <u>1,632</u> |
| Capital and reserves | | | |
| Called up share capital | 7 | 672 | 672 |
| Share premium account | 8 | 210 | 210 |
| Revaluation reserve | 8 | 32 | 32 |
| Profit and loss account | 8 | <u>713</u> | <u>718</u> |
| Shareholders' funds | 9 | <u>1,627</u> | <u>1,632</u> |

The financial statements were approved by the Board of Directors on 25 March 2002.

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 2001

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

| | 2001 £'000 | 2000 £'000 |
|--|---------------|---------------|
| Profit for the financial year | 278 | 131 |
| Currency differences on foreign currency net investments | (4) | (9) |
| Total recognised gains and losses for the year | <u>274</u> | <u>122</u> |

NEOSID GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

1 TAXATION

| | 2001 £'000 | 2000 £'000 |
|--|---------------|---------------|
| United Kingdom corporation tax charge at 30% (2000: 30%) | <u>31</u> | <u>-</u> |

2 TANGIBLE FIXED ASSETS

| | Freehold land and buildings £'000 |
|--|--|
| Cost or valuation | |
| At 1 January 2001 | 49 |
| Exchange differences | (4) |
| At 31 December 2001 | <u>45</u> |
| Depreciation | |
| At 1 January 2001 | 15 |
| Exchange translation | (1) |
| At 31 December 2001 | <u>14</u> |
| Net book amount at 31 December 2001 | <u>31</u> |
| Net book amount at 31 December 2000 | <u>34</u> |

The net book amount of freehold land and buildings included £29,000 (2000: £29,000) in respect of land.

3 FIXED ASSET INVESTMENTS

Investments in subsidiary undertakings

| | Shares in group undertakings £'000 |
|--|---|
| Cost and net book amount at 31 December 2001 and 31 December 2000 | <u>1,386</u> |

NEOSID GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

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 |

4 DEBTORS

| | 2001 £'000 | 2000 £'000 |
|--------------------------------------|---------------|---------------|
| Amounts falling due within one year: | | |
| Amounts owed by group undertakings | <u>569</u> | <u>571</u> |

5 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2001 £'000 | 2000 £'000 |
|------------------------------|---------------|---------------|
| Accruals and deferred income | <u>7</u> | <u>7</u> |

6 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2001 £'000 | 2000 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed to group undertakings | <u>352</u> | <u>352</u> |

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 2001

7 SHARE CAPITAL

| | 2001 £'000 | 2000 £'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> |

8 RESERVES

| | Share premium account £'000 | Revaluation reserve £'000 | Profit and loss account £'000 |
|----------------------|--------------------------------------|---------------------------------|-------------------------------------|
| At 1 January 2001 | 210 | 32 | 718 |
| Loss for the year | - | - | (1) |
| Exchange differences | - | - | (4) |
| At 31 December 2001 | <u>210</u> | <u>32</u> | <u>713</u> |

9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2001 £'000 | 2000 £'000 |
|---|---------------|---------------|
| Profit for the year | 278 | 131 |
| Dividends | (279) | (132) |
| | (1) | (1) |
| Other recognised gains and losses | (4) | (9) |
| Net movement in shareholders' funds | (5) | (10) |
| Shareholders' funds at 1 January 2001 | 1,632 | 1,642 |
| Shareholders' funds at 31 December 2001 | <u>1,627</u> | <u>1,632</u> |

NEOSID GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

10 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 electronics group of companies.

11 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 electronics plc which is registered in England and Wales.

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