

COMPANIES HOUSE

Grant Thornton 

**CRYSTALATE HOLDINGS
LIMITED**

COMPANY NUMBER 608030

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2002



CRYSTALATE HOLDINGS LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

Results and dividends

The profit for the year after taxation was £2,576,000 (2001: £2,492,000).

Dividends amounting to £2,164,000 (2001: £24,699,000) representing 6.8p (2001: 78.2p) per share have been declared and paid in the year leaving a profit of £412,000 (2001: loss £22,207,000) to be transferred to reserves.

Activities

The company is an intermediate holding company.

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:

J W Newman

R W Weaver

P Felbeck

M G Leigh

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

CRYSTALATE HOLDINGS 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 2002		25p ordinary shares 1 January 2002	
	Shares	Options	Shares	Options
P Felbeck	-	20,428	-	10,125
M G Leigh	103,257	73,453	103,257	59,695
	<u>103,257</u>	<u>93,881</u>	<u>103,257</u>	<u>69,820</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
3 April 2005 at 165.000 pence	24,061
	<u>93,881</u>

The beneficial interests of J W Newman and R W Weaver are disclosed in the financial statements of TT electronics plc since they are also directors 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 year 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 year.

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 2002. 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 keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CRYSTALATE HOLDINGS 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

14 March 2003

Registered office:

Clive House
12 - 18 Queens Road
Weybridge
Surrey
KT13 9XB

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CRYSTALATE HOLDINGS LIMITED**

We have audited the financial statements of Crystalate Holdings Limited for the year ended 31 December 2002 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom 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.

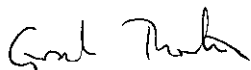
Basis of opinion

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 at 31 December 2002 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
14 March 2003

CRYSTALATE HOLDINGS 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.

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 "Cash Flow Statements" (Revised 1996) from publishing a cash flow statement.

The principal accounting policies of the company are set out below. The policies have remained unchanged from the previous year except for the adoption of FRS 19 "Deferred Tax". This change has not affected the results of the current or preceding year.

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.

INVESTMENTS

Investments are included at cost less amounts written off.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax on defined benefit pension scheme surpluses or deficits is adjusted against these surpluses. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using the rates of tax that have been enacted or substantively enacted by the balance sheet date.

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.

CRYSTALATE HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2002

	Note	2002 £'000	2001 £'000
Administrative expenses		489	435
Operating profit		489	435
Income from shares in group undertakings		2,164	2,052
Net interest	2	87	160
Profit on ordinary activities before taxation	1	2,740	2,647
Taxation	3	(164)	(155)
Profit on ordinary activities after taxation	14	2,576	2,492
Dividends			
Interim of 6.8p per share (2001: 78.2p)		(2,164)	(24,699)
Profit retained	13	412	(22,207)

The above results all arise from continuing activities.

The company has no recognised gains or losses other than those included in the profit above and therefore no separate statement of total recognised gains and losses has been presented.

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

CRYSTALATE HOLDINGS LIMITED

BALANCE SHEET AT 31 DECEMBER 2002

	Note	2002 £'000	2001 £'000
Fixed assets			
Investments	5	15,208	15,208
Current assets			
Debtors	6	990	867
Investments	7	3	3
Cash at bank and in hand		3,104	2,641
		4,097	3,511
Creditors: amounts falling due within one year	8	(10,323)	(778)
Net current liabilities		(6,226)	2,733
Total assets less current liabilities		8,982	17,941
Creditors: amounts falling due after more than one year	9	-	(9,352)
Provisions for liabilities and charges	10	(251)	(270)
		8,731	8,319
Capital and reserves			
Called up share capital	12	1,655	1,655
Profit and loss account	13	7,076	6,664
Shareholders' funds	14	8,731	8,319
Comprising			
Equity shareholders' funds		8,656	8,244
Non-equity shareholders' funds		75	75
		8,731	8,319

The financial statements were approved by the Board of Directors on 14 March 2003.

R W Weaver



Directors

M G Leigh



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

CRYSTALATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

1 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Operating profit is stated after:

	2002 £'000	2001 £'000
Group pension scheme surplus released	491	449

2 NET INTEREST

	2002 £'000	2001 £'000
Interest receivable: From group undertakings	(87)	(160)

3 TAXATION

	2002 £'000	2001 £'000
United Kingdom corporation tax charge at 30% (2001: 30%)	146	210
Deferred taxation	(19)	(25)
Adjustments in respect of prior years - corporation tax	37	(30)
	164	155

4 TAX RECONCILIATION

The tax charge is explained as follows:

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	2,741	2,647
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2001: 30%)	822	794
Effect of:		
Short term timing differences	(27)	26
Dividend income	(650)	(616)
Other	1	6
Current tax charge for period	146	210

CRYSTALATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

5 FIXED ASSET INVESTMENTS

Investments in subsidiary undertakings

Shares in
group
undertakings
£'000

Cost

At 31 December 2001 and 31 December 2002

15,208

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
Crystalate Electronics Limited	Electronic Products	Ordinary	100%	England and Wales
Crystalate Services Limited	Holding Company	Ordinary	100%	England and Wales
BI Technologies Limited	Electronic Products	Ordinary	100%	England and Wales

6 DEBTORS

	2002 £'000	2001 £'000
Amounts owed by group undertakings	16	15
Other debtors (including pension prepayment)	828	716
Prepayments	146	136
	<u>990</u>	<u>867</u>

Included in the above are the following amounts falling due after more than one year:
Pensions prepayment

814 708

7 CURRENT ASSET INVESTMENTS

	2002 £'000	2001 £'000
Overseas listed investments	<u>3</u>	<u>3</u>

CRYSTALATE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2002

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £'000	2001 £'000
Trade creditors	1	2
Amounts owed to group undertakings	424	84
Corporation tax	396	565
8 1/4% convertible unsecured loan stock 2003	9,352	-
Accruals and deferred income	150	127
	<u>10,323</u>	<u>778</u>

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £'000	2001 £'000
8 1/4% convertible unsecured loan stock 2003	-	9,352

10 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £'000
At 1 January 2002	270
Released during the year	(19)
At 31 December 2002	<u>251</u>

11 DEFERRED TAXATION

Deferred taxation, which is fully provided for in the financial statements, is analysed as follows:

	2002 £'000	2001 £'000
Other short term timing differences	<u>251</u>	<u>270</u>

CRYSTALATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

12 SHARE CAPITAL

	2002 £'000	2001 £'000
Authorised		
44,000,000 ordinary shares of 5p each	2,200	2,200
150,000 5.6% non cumulative preference shares of 50p each	75	75
	<u>2,275</u>	<u>2,275</u>
Issued and fully paid:		
31,598,859 ordinary shares of 5p each	1,580	1,580
150,000 5.6% non cumulative preference shares of 50p each	75	75
	<u>1,655</u>	<u>1,655</u>

The 8 1/4% convertible unsecured loan stock 2003 may be converted into ordinary shares at the rate of one ordinary share for every 180p of stock, in the month of February until 2003. If the whole of the stock were to be converted, an additional 5,196,000 ordinary shares would be issued.

13 RESERVES

	Profit and loss account £'000
At 1 January 2002	6,664
Profit for the year	412
At 31 December 2002	<u>7,076</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £'000	2001 £'000
Profit for the financial year	2,576	2,492
Dividends	(2,164)	(24,699)
Net movement in shareholders' funds	412	(22,207)
Shareholders' funds at 1 January 2002	8,319	30,526
Shareholders' funds at 31 December 2002	<u>8,731</u>	<u>8,319</u>

15 CONTINGENT LIABILITIES

There was a cross guarantee between certain companies in the group on all bank overdrafts with the HSBC Bank plc. At 31 December 2002 the amount thus guaranteed by the company was £4,969,000 (2001: £2,827,000).

CRYSTALATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

16 RETIREMENT BENEFITS

The company operates a defined benefit scheme for both its own employees and employees of certain subsidiary companies. The scheme is set up under trust and its assets are therefore independent of those of the company and the group.

Pension costs are based on the advice of a qualified actuary and are taken to the profit and loss account over the average working lives of the members. The last actuarial valuation of the scheme was in April 2000 at which time, using the projected unit cost method, the assets of the scheme showed an actuarial valuation of £51.5m representing 102% of the benefits accrued to the members. The principal assumptions used by the actuary were that the investment returns would be 2% higher than the growth in annual salaries and that pensions in the course of payment could increase by up to 3% per annum.

The total contributions charged by the company in respect of the year ended 31 December 2002 were £nil (2001: £nil). The difference between the accumulated charge and the payments made to the scheme is dealt with in debtors and creditors as appropriate.

Transitional FRS17 disclosures for defined benefit schemes

The defined benefit scheme operated by the company is a multi-employer pension scheme. The company is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the company has taken advantage of the exemption in FRS17 and accounted for the scheme as if it were a defined contribution scheme.

The most recent valuation of the scheme has been updated by an independent qualified actuary, taking account of the requirements of FRS17 to assess the liabilities of the scheme at 31 December 2002. The market value of the scheme assets at the year end was £20,270,000 and the present value of the scheme liabilities was £28,857,000.

17 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.

18 CONTROLLING RELATED PARTIES

TT electronics plc 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.