

AMPHENOL LIMITED

Annual Report and Financial Statements

31 December 2005

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ANNUAL REPORT AND FINANCIAL STATEMENTS 2005

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ANNUAL REPORT AND FINANCIAL STATEMENTS 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Martin Hans Loeffler

Luc Walter

Diana Gentile Reardon (Appointed 20th October 2005)

SECRETARIES

Abogado Nominees Limited

Edward Charles Wetmore

REGISTERED OFFICE

Thanet Way

Whitstable

Kent CT5 3JF

BANKERS

National Westminster Bank Plc

140 High Street

Herne Bay

Kent CT6 5JX

SOLICITORS

Baker & McKenzie

100 New Bridge Street

London EC4V 6JA

INDEPENDENT AUDITORS

Deloitte & Touche LLP

Chartered Accountants

Crawley

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2005

ACTIVITIES

The principal activities of the company consist of the design, development, manufacturing and marketing of connectors and connector systems, flat cable and unit assemblies for diversified markets

REVIEW OF DEVELOPMENTS

During the year the group continued its focus within its main market sectors, realigning resources on a corporation wide basis to best service the needs of the customers and meet targeted revenue and profitability growth expectations. A reduction in the company's Rail business through general reduced activity in that market sector has seen an overall reduction in turnover this year although it has increased its profitability.

The company continued to consolidate its leading position in Military and Aerospace within the UK, benefiting from the development of application specific, higher margin products and its successful selection on targeted key programmes. The company consolidated its manufacturing capabilities during the year, transferring manufacturing from Nottingham to its Whitstable facility.

The company also continued to extend its presence in Europe on designated products and programmes, building a platform for future growth opportunities.

The company has implemented FRS17 within its accounts for this year with the resulting changes to comparatives for 2004. The company has also restated some analysis for better presentation.

FINANCIAL RISK MANAGEMENT

The company makes use of its parent company treasury department in respect of interest rate risk and exchange rate risk. None of this risk is passed down to the company. Credit risk is managed through the use of external credit reference agencies. The company does not enter into speculative derivative transactions.

FUTURE PROSPECTS

The company will continue to leverage its position on all major UK programmes, whilst developing available markets by selective targeting of key customers and market sectors.

The directors believe that the following year will be challenging with a further reduction in Rail activity and a change in the group wide policy with respect to the sale of Industrial products. However they are optimistic that further growth will be available by realising opportunities from a continual philosophy of new product development, whilst extending their expertise and resources to accelerate penetration in the European market place.

Given the continuous pressure on prices within some market sectors, margin protection will continue to be a major focus, being pursued through rigorous cost reduction programmes and product range streamlining.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £1,887,000 (2004 – restated £1,821,000). No dividends were payable during the year (2004 - £nil). The position of the company at the year end is shown on page 7.

DIRECTORS

The directors, who served throughout the year and up to the date of this report, are shown on page 1.

DIRECTORS' INTERESTS

No director had any interest in any group company incorporated 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.

DIRECTORS' REPORT (continued)

RESEARCH AND DEVELOPMENT

During 2005 the company continued its research and development in both the commercial/industrial and military/avionics fields. Costs charged to the profit and loss account amounted to £806,000 (2004 - £869,000)

CHARITABLE DONATIONS

During the year the company made charitable donations amounting to £1,000 (2004 - £1,000)

EMPLOYMENT POLICY

The company has continued to expand its communication methods to inform, advise, consult and negotiate on the different aspects of the business. These include

- a complete briefing structure for all levels of employees on a monthly basis where information is given regarding the company's results and forecasts covering overall functions and departmental issues,
- consultations with trade unions, and
- regular meetings with elected and non-affiliated staff representatives

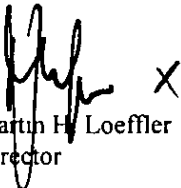
The company's policy in relation to the employment of disabled persons is

- full consideration is given to job applications received from disabled persons. Where disabled persons have the aptitudes and abilities necessary for the job, sympathetic consideration is given to their application,
- where an employee becomes disabled whilst employed by the company, arrangements are made wherever possible for retraining in order to perform a job identified as appropriate to the aptitudes and abilities of the individual concerned, and
- encouragement is given in the retraining, career development and promotion of all employees including disabled employees

INDEPENDENT AUDITORS

A resolution regarding the reappointment of Deloitte & Touche LLP as auditors of the company is to 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

13 June 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 UK accounting standards have been followed, and
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMPHENOL LIMITED

We have audited the financial statements of Amphenol Limited for the year ended 31 December 2005 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 19. 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 auditors' 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 directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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 the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 2005 and of its profit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Crawley, United Kingdom

15 June

2007

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2005

	Note	2005 £'000	2004 (Restated - Note 2) £'000
TURNOVER	3	30,872	33,967
Cost of sales		(21,335)	(25,420)
Gross profit		9,537	8,547
Distribution costs		(2,596)	(2,562)
Administrative expenses		(4,279)	(3,893)
OPERATING PROFIT	5	2,662	2,092
Interest receivable and similar charges	6	4	-
Interest payable and similar charges	7	(285)	(230)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,381	1,862
Tax charge on profit on ordinary activities	8	(494)	(41)
RETAINED PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	16	1,887	1,821

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2005

	Note	2005 £'000	2004 (Restated - Note 2) £'000
Profit on ordinary activities after taxation		1,887	1,821
Actuarial gain/(loss) from Pension Fund	16	107	(875)
Deferred tax attributable to contributions and actuarial gain/(loss) of Pension Fund		(32)	263
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		1,962	1,209
Prior year adjustment	2	(4,247)	
Total gains and losses recognised since last annual report		(2,285)	

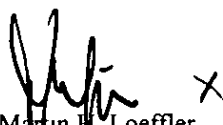
All results in both years are from continuing operations

BALANCE SHEET
31 December 2005

	Note	2005 £'000	2004 (Restated - Note 2) £'000
FIXED ASSETS			
Tangible assets	9	3,577	4,281
Investment in subsidiary undertakings	10	-	-
		<u>3,577</u>	<u>4,281</u>
CURRENT ASSETS			
Stocks	11	5,164	5,205
Debtors	12	28,425	25,012
Cash at bank and in hand		172	790
		<u>33,761</u>	<u>31,007</u>
CREDITORS amounts falling due within one year	13	<u>(19,752)</u>	<u>(19,944)</u>
NET CURRENT ASSETS		<u>14,009</u>	<u>11,063</u>
CREDITORS: amounts falling due after more than one year	13	(195)	(265)
PROVISION FOR LIABILITIES	14	<u>(448)</u>	<u>(270)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES EXCLUDING PENSION LIABILITY		16,943	14,809
PENSION LIABILITY	17	<u>(5,944)</u>	<u>(5,772)</u>
NET ASSETS INCLUDING PENSION LIABILITY		<u>10,999</u>	<u>9,037</u>
CAPITAL AND RESERVES			
Called up share capital	15	4,079	4,079
Share premium account		140	140
Profit and loss account	16	<u>6,780</u>	<u>4,818</u>
SHAREHOLDERS' FUNDS		<u>10,999</u>	<u>9,037</u>

These financial statements were approved by the Board of Directors on 13 June 2007

Signed on behalf of the Board of Directors


Martin B. Loeffler
Director

NOTES TO THE ACCOUNTS

Year ended 31 December 2005

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted have been applied consistently, with the exception of the change in accounting policy for pensions following the implementation of FRS17 'Retirement Benefits', see below and are described in note 2.

Comparative figures

Certain of the prior year comparatives have been restated for greater comparability with the current year. Specifically, this applies to the breakdown of debtors and creditors falling due within one year, fixed assets and payroll expenses. There has been no change in net assets as a result of these changes.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Freehold land and assets in the course of construction are not depreciated. For other assets, depreciation is provided on cost in equal annual instalments over the estimated useful lives as follows:

Freehold buildings	Over 40 years
Leasehold improvements	Over the term of the lease
Plant and machinery	Between 4 and 10 years
Fixtures and fittings	Between 4 and 10 years

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Stocks

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Research and development

Research and development expenditure is written off as incurred.

Taxation

UK Corporation tax is provided at the amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals under operating leases are charged to the profit and loss account in equal amounts over the period of the leases.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction. These translation differences are dealt with in the profit and loss account.

NOTES TO THE ACCOUNTS

Year ended 31 December 2005

1 ACCOUNTING POLICIES (continued)

Pension costs

The accounting policy for pensions has been changed during the year to adopt FRS 17, Retirement Benefits, early. The comparative figures in the primary statements and the notes have been restated to reflect the new policy. The effects of the change in policy are summarised in note 2.

The defined benefit scheme is accounted in accordance with Financial Reporting Standard 17. The service cost of pension provision relating to the period, together with gains and losses on settlements and curtailments and the cost of any benefits relating to past service are charged to the profit and loss account. A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the Group's long term expected return on assets (based on the market value of the scheme assets at the start of the period) are included in the profit and loss account as a net amount under interest payable/receivable.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet net of deferred tax. Any difference between the expected return on assets and that actually achieved is recognised in the statement of total recognised gains and losses along with differences which arise from experience or assumption changes.

The cost of the defined contribution scheme is charged to the profit and loss account as the contributions become payable in accordance with the rules of the scheme. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2. PRIOR PERIOD ADJUSTMENT

FRS 17, Retirement Benefits, becomes a full accounting standard, as opposed to a disclosure only standard, for periods beginning on or after 1 January 2005. The comparative figures in the primary statements and notes have been restated to reflect the new policy.

The effects of the change in policy are summarised below.

(a) Balance sheet

	Deferred tax asset/(liability) £'000	Pension liability £'000	Accruals & deferred income £'000	Shareholders' funds £'000
2004 as previously reported	383	-	(2,776)	13,284
Change of accounting policy				
At 1 January 2004	(653)	(4,843)	1,987	(3,509)
For the year ended 31 December 2004	-	(929)	191	(738)
Change of accounting policy				
At 31 December 2004	(653)	(5,772)	2,178	(4,247)
Reclassification	-	-	(30)	-
As restated at 31 December 2004	(270)	(5,772)	(628)	9,037

NOTES TO THE ACCOUNTS

Year ended 31 December 2005

2 PRIOR PERIOD ADJUSTMENT (continued)

(b) Profit and loss account

	Administrative expenses £'000	Interest payable £'000	Tax on profit on ordinary activities £'000
Year ended December 2004 – as previously reported	(3,850)	(9)	(177)
Change of accounting policy	(43)	(221)	136
Year ended 31 December 2004 – as restated	<u>(3,893)</u>	<u>(230)</u>	<u>(41)</u>

In the year ended 31 December 2005, the adoption of FRS 17 has resulted in an increase in administrative expenses of £320,000, an increase in interest payable of £258,000 and a reduction in the tax charge of £106,000

3 TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. Turnover is derived from a single business segment.

An analysis of turnover by geographical market is given below

	2005 £'000	2004 £'000
UK	23,661	25,648
Rest of Europe	5,445	5,782
Other	1,766	2,537
	<u>30,872</u>	<u>33,967</u>

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2005 £'000	2004 £'000
Directors' emoluments		
Emoluments of the directors	-	-
	<u>-</u>	<u>-</u>
	No.	No.
Average number of persons employed		
Office and management	155	122
Manufacturing	182	254
	<u>337</u>	<u>376</u>
	£'000	£'000
Staff costs during the year		
Wages and salaries	7,336	8,425
Social security costs	582	654
Pension costs	471	1,539
	<u>8,389</u>	<u>10,618</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2005

5. OPERATING PROFIT

	2005	2004
	£'000	£'000
Operating profit is after charging/(crediting).		
Research and development costs	806	869
Depreciation – owned assets	535	507
Depreciation – leased assets	51	-
Impairment of owned assets	213	423
Operating lease payments - plant and machinery	32	33
- other	587	613
Rental income	(87)	(105)
Foreign exchange loss/(profit)	54	(228)
Auditors' remuneration - audit fees	71	65
- other professional fees	11	29
	<u> </u>	<u> </u>

6. INTEREST RECEIVABLE AND SIMILAR CHARGES

	2005	2004
	£'000	£'000
Bank interest receivable	4	-
	<u> </u>	<u> </u>
	4	-
	<u> </u>	<u> </u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£'000	(Restated - Note 2) £'000
Bank interest payable	8	9
Pension fund finance charge (Note 17)	258	221
Finance lease interest payable	19	-
	<u> </u>	<u> </u>
	285	230
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2005

8. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

(a) Tax charge on profit on ordinary activities

	2005 £'000	2004 (Restated - Note 2) £'000
Current tax		
United Kingdom corporation tax charge at 30% (2004 – 30%) based on the profit for the year	(756)	(357)
Adjustments in respect of prior periods	334	-
Group relief	-	132
Total current tax	(422)	(225)
Deferred tax		
Timing differences, origination and reversal	-	21
Relating to FRS 17	106	136
Adjustments in respect of prior periods	(178)	27
	(494)	(41)

(b) Factors affecting current tax charge for the year

The tax assessed for the period is different to that resulting from applying the standard rate of corporation tax in the UK 30% - (2004 - 30%) The differences are explained below

	2005 £'000	2004 £'000
Profit on ordinary activities before taxation	2,381	1,862
Tax charge on profit on ordinary activities at standard rate	(714)	(559)
Effects of		
Disallowed expenses and non-taxable income	(118)	(150)
Capital allowances different to depreciation	66	50
Movement in short term timing differences	(66)	(16)
Other deferred tax movements	-	2
Group relief	76	316
Prior period adjustment	334	132
Total actual amount of current tax	(422)	(225)

NOTES TO THE ACCOUNTS
Year ended 31 December 2005

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Leasehold improve- ments £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 1 January 2005	5,356	314	15,673	153	21,496
Additions	31	-	85	3	119
Disposals	(47)	-	(178)	(9)	(234)
Reclassification	(118)	12	(242)	348	-
At 31 December 2005	<u>5,222</u>	<u>326</u>	<u>15,338</u>	<u>495</u>	<u>21,381</u>
Accumulated depreciation					
At 1 January 2005	3,405	297	13,373	140	17,215
Charge for the year	95	-	472	19	586
Disposals	(28)	-	(178)	(4)	(210)
Impairment	213	-	-	-	213
Reclassification	(107)	21	(209)	295	-
At 31 December 2005	<u>3,578</u>	<u>318</u>	<u>13,458</u>	<u>450</u>	<u>17,804</u>
Net book value					
At 31 December 2005	<u>1,644</u>	<u>8</u>	<u>1,880</u>	<u>45</u>	<u>3,577</u>
At 31 December 2004	<u>1,951</u>	<u>17</u>	<u>2,300</u>	<u>13</u>	<u>4,281</u>

Included within the cost of freehold land and buildings is land of £42,000 (2004 - £42,000) Included within plant & machinery are £410,000 of assets under finance leases (2004 - £393,000)

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The company's investments represent the cost of its 100% interest in the ordinary shares of Amphenol-Borg Pension Trustees Limited (cost £10) and Spectra Strip Limited (cost £139), both of which are incorporated in Great Britain Amphenol-Borg Pension Trustees Limited acts as a trustee and Spectra Strip Limited is dormant The company takes advantage of the exemption conferred by the Companies Act s 228 not to prepare consolidated financial statements as Amphenol Holding UK, Limited, the UK parent company, prepares consolidated financial statements The information presented in these financial statements is about the company and not its group

• **NOTES TO THE ACCOUNTS**
Year ended 31 December 2005

11. STOCKS

	2005	2004
	£'000	£'000
Raw materials and consumables	367	393
Work-in-progress	3,260	3,922
Finished goods and goods for resale	1,537	890
	<u>5,164</u>	<u>5,205</u>

12. DEBTORS

	2005	2004
	£'000	£'000
Trade debtors	5,955	5,657
Amounts owed by group undertakings	21,734	18,653
Other debtors	420	328
Prepayments and accrued income	316	374
	<u>28,425</u>	<u>25,012</u>

13. CREDITORS

	2005	2004
	£'000	£'000
Amounts falling due within one year:		
Finance lease obligation	65	128
Trade creditors	2,021	2,641
Amounts owed to group undertakings	15,766	15,654
Corporation tax	621	339
Other creditors including taxation and social security	532	554
Accruals and deferred income	747	628
	<u>19,752</u>	<u>19,944</u>
 Amounts falling due after more than one year		
Finance Lease obligation are repayable as follows -		
Between one and two years	65	55
Between two and five years	130	210
	<u>195</u>	<u>265</u>

• **NOTES TO THE ACCOUNTS**
Year ended 31 December 2005

14. PROVISIONS FOR LIABILITIES

Deferred tax liability

	As at 1 January 2005 £'000	Recognised in year £'000	As at 31 December 2005 £'000
Deferred tax liability	(270)	(178)	(448)

The amounts provided in the accounts are as follows

	2005 £'000	2004 £'000
Capital allowances in advance of depreciation	(448)	(342)
Other timing differences	-	72
	(448)	(270)

15. CALLED UP SHARE CAPITAL

	2005 £'000	2004 £'000
Authorised:		
4,129,000 ordinary shares of £1 each	4,129	4,129
Called up, allotted and fully paid		
4,079,139 ordinary shares of £1 each	4,079	4,079

16 STATEMENT OF MOVEMENT IN RESERVES

	Issued share capital £'000	Share premium account £'000	Profit and loss account £'000	Total 2005 £'000	Total 2004 £'000
At 1 January 2005 (as previously stated)	4,079	140	9,065	13,284	13,284
Prior year adjustment	-	-	(4,247)	(4,247)	(5,456)
At 1 January 2005 (as restated)	4,079	140	4,818	9,037	7,828
Profit for the financial year	-	-	1,887	1,887	1,821
Actuarial gain/(loss)	-	-	107	107	(875)
Deferred tax attributable to actuarial gain/(loss)	-	-	(32)	(32)	263
At 31 December 2005	4,079	140	6,780	10,999	9,037

NOTES TO THE ACCOUNTS
Year ended 31 December 2005

17 PENSIONS

The company participates in the Amphenol Pension Plan. The scheme is a defined benefit plan providing benefits to certain employees within the company based on final pensionable pay. The assets are held separately from the company's assets, and are invested with Scottish Widows Fund and Life Assurance Society and Britannic Asset Management.

Pension costs are assessed in accordance with the advice of a qualified actuary using the projected unit method. The latest actuarial valuation of the Amphenol Pension Plan was at 1 January 2005 which assessed the market value of the pension scheme assets to be £12,366,000. The actuarial value of these assets represented 97% of the value of benefits that had accrued to members of the pension scheme based on service to 1 January 2005 after allowing for future increases in earnings. The excess is being eliminated over 20 years, the average remaining service life of current employees in the scheme through reduced company contributions. The assumptions which have the most significant effects on the results of the valuation are those relating to the rate of return on investments and the rates of increases in salaries and pensions. It was assumed that the investment rate of return would be 6.0% – 6.5% per annum, that salary increases would average 3% per annum compounded annually and that future pensions would be at the rates required in the pension scheme rules.

A full actuarial valuation was carried out at 1 January 2005 and updated to 31 December 2005 by a qualified independent actuary on a projected unit basis. The major assumptions used by the actuary were:

	2005	2004	2003
Valuation at 31 December 2005			
Rate of increase in salaries	3.00%	3.00%	3.00%
Rate of increase in pensions in payment	2.75%	2.75%	2.75%
Discount rate	4.75%	5.25%	5.50%
Inflation assumption	2.75%	2.75%	2.75%

The assets in the scheme and the expected rate of return were:

	2005 Expected long term rate of return	2005 Fair Value £'000	2004 Expected long term rate of return	2004 Fair Value £'000	2003 Expected long term rate of return	2003 Fair Value £'000
Equities	6.50%	13,661	7.00%	10,164	7.00%	9,073
Bonds	4.75%	1,327	5.25%	1,230	5.50%	1,118
Index Linked Bonds	4.75%	30	5.25%	37	5.50%	-
Property	6.50%	-	6.00%	494	5.50%	462
Cash	3.50%	260	4.00%	438	4.00%	316
Total fair value of assets		15,278		12,363		10,969
Present value of scheme liabilities		(23,770)		(20,608)		(17,887)
Deficit in the scheme		(8,492)		(8,245)		(6,918)
Related deferred tax asset		2,548		2,473		2,075
Net pension liability		(5,944)		(5,772)		(4,843)

NOTES TO THE ACCOUNTS

Year ended 31 December 2005

17. PENSIONS (continued)

Analysis of the movement in the scheme deficit during the year

	2005	2004
	£'000	£'000
Opening deficit in the scheme	(8,245)	(6,918)
Current service cost	(774)	(909)
Contributions	678	678
Financial expense	(258)	(221)
Actuarial gains/(losses)	107	(875)
Closing deficit in the scheme	<u>(8,492)</u>	<u>(8,245)</u>

Amounts included within operating profit

	2005	2004
	£'000	£'000
Current service cost	<u>774</u>	<u>909</u>

Amounts included as other finance income

	2005	2004
	£'000	£'000
Expected return on scheme assets	835	779
Interest on scheme liabilities	<u>(1,093)</u>	<u>(1,000)</u>
Net finance return	<u>(258)</u>	<u>(221)</u>

Amounts included in the Statement of Total Recognised Gains and Losses

	2005	2004
	£'000	£'000
Difference between actual and expected return on scheme assets	1,772	264
Experience gains arising on scheme liabilities	768	-
Effects of changes in assumptions underlying the present value of scheme liabilities	<u>(2,433)</u>	<u>(1,139)</u>
Total actuarial gains and losses recognised in the STRGL	<u>107</u>	<u>(875)</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2005

17. PENSIONS (continued)

History of experience gains and losses

	2005 £'000	2004 £'000	2003 £'000	2002 £'000
Difference between actual and expected return on scheme assets				
Amount (£'000)	1,772	264	747	(3,848)
% of scheme assets	11.6%	2.13%	6.8%	(41.9%)
Experience gains / (losses) arising on scheme liabilities				
Amount (£'000)	768	-	220	(599)
% of the present value of the scheme liabilities	3.2%	0.0%	1.2%	3.7%
Effects of changes in assumptions underlying the present value of scheme liabilities				
Amount (£'000)	107	(875)	688	(6,491)
% of the present value of the scheme liabilities	0.5%	(4.2%)	3.8%	(39.7%)

18. FINANCIAL COMMITMENTS

	2005 £'000	2004 £'000
Capital commitments		
Contracted for but not provided	-	29
	<u> </u>	<u> </u>
Operating lease commitments		
At 31 December 2005 the company was committed to making the following payments during the next year in respect of operating leases		
	Land and buildings 2005 £'000	Other 2005 £'000
		Land and buildings 2004 £'000
		Other 2004 £'000
Leases which expire:		
Within one year	94	252
Within two to five years	94	188
	<u> </u>	<u> </u>
	188	440
		<u> </u>
		172
		361

Other commitments

The company has given a guarantee to H M C E of £20,000 in the normal course of business

19. RELATED PARTIES, ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

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

The immediate parent company is Amphenol-Borg Limited, incorporated in Great Britain

Copies of the consolidated financial statements of Amphenol Holding UK, Limited, the smallest group of which the company is a member and for which consolidated financial statements are available, can be obtained from Companies House, Crown Way, Mandy, Cardiff, CF14 3UZ

The ultimate parent company and controlling entity is Amphenol Corporation, a company incorporated in the United States of America, which is the largest group of which the company is a member and for which consolidated financial statements are available. Copies of these consolidated financial statements can be obtained from Amphenol Corporation, 358 Hall Avenue, Wallingford, CT 06492, USA