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REGISTRAR

Vishay Ltd

Report and Financial Statements

31 December 2003

ERNST & YOUNG

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COMPANIES HOUSE 22/10/04

Registered No: 886870

Directors
J J Holmberg
J W Wheeler
R Freece
G W Paul
P N Jeffreys
L M Bell
N Brown

Secretary
J J Holmberg

Auditors
Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers
Barclays Bank Plc
53 Fawcett Street
Sunderland
Tyne & Wear

Solicitors
Edwin Coe Solicitors
2 Stone Buildings
Lincoln's Inn
London
WC2A 3TH

Registered Office
Pallion Industrial Estate
Sunderland
Tyne & Wear
SR4 6SU

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Directors' report

The directors present their report and financial statements for the year ended 31 December 2003.

Principal activities and review of the business

The activities of the company consist of the sale and distribution of electronic components, predominantly resistors, thermistors and capacitors.

The company operates from two locations, Swindon and Sunderland, with the latter being the head office of the company's business in the United Kingdom.

Results and dividends

The loss for the year, after taxation, amounted to £131,000 (2002: profit £5,000). The directors do not propose the payment of a dividend.

Directors

The directors during the year were as follows:

J J Holmberg
J W Wheeler
R Freece
G W Paul
P N Jeffreys
L M Bell
N Brown
V Slawinski (resigned 1 August 2003)

Directors' interests

According to the register maintained as required under the Companies Act 1985, the directors' interest in the share capital of the company were as follows:

	31 December 2003 Ordinary	*31 December 2002 Ordinary*
J J Holmberg	1	1

Auditors

A resolution to re-appoint Ernst & Young LLP as the Company's auditors will be put to the forthcoming Annual General Meeting.

By order of the Board

L M Bell
Director

6 October 2004

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Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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.

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Independent auditors' report

to the members of Vishay Limited

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 24. These financial statements have been prepared on the basis of 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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.

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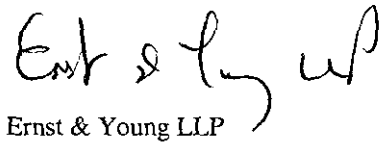
Independent auditors' report

to the members of Vishay Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Newcastle upon Tyne

6 October 2004

Profit and loss account

For the year ended 31 December 2003

	Notes	2003 £000	2002 £000
Turnover	2	16,005	23,087
Operating costs	3	15,632	22,832
		373	255
Other operating expenses (net)	7	(774)	(452)
Operating loss	4	(401)	(197)
Bank interest receivable		177	199
Interest payable and similar charges	8	(2)	(2)
Loss on ordinary activities before taxation		(226)	-
Tax credit on loss on ordinary activities	9	95	5
(Loss)/Profit retained for the financial year	21	(131)	5

Statement of movements on reserves

Balance at 1 January 2003	7,653	7,584
Retained (loss)/ profit for the year	(131)	5
Movement on exchange	66	64
Balance at 31 December 2003	7,588	7,653

Statement of total recognised gains and losses

	2003 £000	2002 £000
(Loss)/Profit for the financial year	(131)	5
Movement on exchange arising on intercompany loan	66	64
Total recognised gains and losses for the financial year	(65)	69

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Balance sheet

at 31 December 2003

	Notes	£000	2003 £000	£000	2002 £000
Fixed assets					
Intangible assets	10		2,461		2,607
Tangible assets	11		797		1,151
Investments	12		8,064		8,064
			11,322		11,822
Current assets					
Stock	13		746		869
Debtors:	14				
Amounts falling due after one year		12,663		13,238	
Amounts falling due within one year		2,367		3,316	
			15,030		16,554
Cash at bank and in hand			8,600		7,732
			24,376		25,155
Creditors: amounts falling due within one year	15		940		2,060
Net current assets			23,436		23,095
Total assets less current liabilities			34,758		34,917
Creditors: amounts falling due after more than one year	16		27,087		27,151
Provisions for liabilities and charges	17		73		103
			27,160		27,254
			7,598		7,663
Capital and reserves					
Called up share capital	18		10		10
Profit and loss account	21		7,588		7,653
Equity shareholders' funds	21		7,598		7,663

L M Bell Director

6 October 2004

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Notes to the financial statements

At 31 December 2003

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, in accordance with applicable accounting standards.

Group financial statements

The company is exempt from the requirements to prepare consolidated financial statements by virtue of Section 228 of the Companies Act 1985 as it is a subsidiary of E-Sil Components Limited, a UK registered company which prepares consolidated financial statements. These financial statements therefore present only information about the company, not about its group.

Cash flow statement

The company is a wholly owned subsidiary of E-Sil Components Limited, a UK registered company. The company has therefore taken advantage of available exemptions from preparing a cash flow statement.

Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write-off the cost less estimated residual value of each asset evenly over its expected useful life as follows:

Improvements to leasehold property	-	over the period of the lease
Plant, machinery & equipment	-	over 3 to 10 years

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its expected useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if any event or changes in circumstances indicate that the carrying value may not be recoverable.

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value as follows:

Raw materials and goods for resale	-	purchase cost, on a first in, first out basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

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Notes to the financial statements

At 31 December 2003

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions.

Deferred taxation assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred taxation is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Unrealised exchange differences arising on the restatement of certain foreign intercompany balances are taken directly to reserves.

Pension costs

The company operates a defined benefit pension scheme. Contributions to the fund are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives within the company. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuation, are amortised over the expected remaining working lives of the employees in proportion to their expected payroll costs. Material differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

The company also operates a defined contribution scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

2. Turnover

Turnover comprises the invoice value of goods and services supplied by the company exclusive of VAT. All turnover arises in respect of the company's continuing principal activity.

A geographical analysis of turnover is as follows:

	2003	*2002*
	£000	*£000*
United Kingdom	13,226	16,449
Rest of Europe	1,477	4,247
Rest of World	1,302	2,391
	16,005	23,087

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Notes to the financial statements

At 31 December 2003

3. Operating costs

	2003 £000	2002 £000
Decrease in stocks	123	2,611
Raw materials and consumables	11,549	15,717
Staff costs:		
-Wages and salaries	1,807	1,632
- Social security costs	160	158
- Pension costs	180	169
Depreciation and other amounts written off tangible fixed assets	251	280
Amortisation of goodwill	146	149
Other operating charges	1,416	2,116
	15,632	22,832

4. Operating loss

Operating loss is stated after charging:

	2003 £000	2002 £000
Operating lease rentals - property	170	200
Auditors' remuneration - audit services	18	18
Depreciation of owned fixed assets	251	280
Amortisation of goodwill	146	149
Hire of plant and machinery - rentals payable under operating leases	107	99
Exchange differences	938	378
Loss on sale of fixed assets	-	20
Restructuring and redundancy costs	232	41

Non audit fees paid to Ernst & Young amounted to £67,084 (2002: £58,000).

5. Emoluments of directors

	Highest paid director			*All directors*
	2003 £000	2002 £000	2003 £000	2002 £000
Directors' fees and remuneration	94	90	279	311
Company contributions paid to money purchase pension schemes	11	5	13	13
The above includes:				
Compensation for loss of office	-	-	110	-

No director has any share options in the company (2002: Nil).

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Notes to the financial statements

At 31 December 2003

At 31 December 2003 three directors participated in defined benefit pension schemes (2002: two directors).

6. Staff numbers

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

	2003	*2002*
	No.	*No.*
Factory	25	30
Selling	40	44
Administration	17	16
	82	90

7. Other operating (expenses)/income

	2003	*2002*
	£000	*£000*
Royalty expense	-	(199)
Commission receivable	614	517
Exchange differences	(938)	(378)
Commission payable	(450)	(392)
	(774)	(452)

8. Interest payable and similar charges

	2003	*2002*
	£000	*£000*
Bank loans and overdrafts	2	2

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Notes to the financial statements

At 31 December 2003

9. Tax credit on loss on ordinary activities

	2003 £'000	2002 £'000
(a) Analysis of (credit)/charge in year		
Current tax:		
UK Corporation tax	(70)	110
Adjustments in respect of prior periods	(25)	(115)
Total current tax (note 9(b))	(95)	(5)
Deferred tax:		
Origination and reversal of timing differences	-	-
Tax credit on loss on ordinary activities	(95)	(5)

(b) Factors affecting current tax credit for the year

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are reconciled below:

	2003 £'000	2002 £'000
Loss on ordinary activities before tax	(226)	-
Loss on ordinary activities at standard rate of corporation tax in the UK of 30%	(68)	-
Effects of:		
Expenses not deductible for tax purposes (including goodwill amortisation)	54	53
Decelerated/(accelerated) capital allowances	4	(14)
Other timing differences	(107)	71
Adjustments in respect of previous periods	(25)	(115)
Losses brought forward/carried forward	47	-
Current tax credit for the year (note 9(a))	(95)	(5)

(c) Deferred taxation

There is no potential deferred tax liability. The deferred tax asset not provided is analysed as follows:

	2003 £'000	2002 £'000
Capital allowances in advance of depreciation	6	3
Other timing differences	40	147
Losses	47	1
	93	151

10. Intangible fixed assets

	Goodwill £000

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Notes to the financial statements

At 31 December 2003

Cost:	
At 1 January 2003	2,953
Additions	-
At 31 December 2003	2,953
Amortisation:	
At 1 January 2003	346
Provided during the year	146
At 31 December 2003	492
Net book value:	
At 31 December 2003	2,461
At 31 December 2002	2,607

11. Tangible fixed assets

	Land and Buildings Short leasehold £000	*Plant machinery & equipment £000*	*Total £000*
Cost:			
A 1 January 2003	41	3,965	4,006
Additions	-	183	183
Disposals	-	(14)	(14)
Transfer to fellow subsidiary undertakings	-	(1,432)	(1,432)
At 31 December 2003	41	2,702	2,743
Depreciation:			
At 1 January 2003	41	2,814	2,855
Charge for year	-	251	251
Disposals	-	(14)	(14)
Transfer to fellow subsidiary undertakings	-	(1,146)	(1,146)
At 31 December 2003	41	1,905	1,946
Net book value:			
At 31 December 2003	-	797	797
At 31 December 2002	-	1,151	1,151

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Notes to the financial statements

At 31 December 2003

12. Investments

	£000
Cost:	
At 1 January and 31 December 2003	8,064

The company has a 100% equity interest in the following Companies:

Name of company	*Country of registration*	*Nature of business*
Gro Con Inc	USA	Investment company
Grued Inc	USA	Investment company
Heavybarter	England	Dormant
Spectrol Electronics GmbH	Germany	Electronic components Distributor

13. Stocks

	2003 £000	*2002* £000
Raw materials and consumables	338	250
Work in progress	31	150
Finished goods and goods for resale	377	469
	746	869

14. Debtors

	2003 £000	*2002* £000
Trade debtors	188	1,789
Prepayments and accrued income	336	484
Other debtors	2	29
Amounts due from group undertakings	14,504	14,252
	15,030	16,554

Included in amounts due from group undertakings are amounts totalling £12,663,450, which are due after more than one year (2002: £13,238,164), of which £7,529,676 (2002: £8,104,390) is due from the parent undertaking.

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Notes to the financial statements

At 31 December 2003

15. Creditors: amounts falling due within one year

	2003 £000	2002 £000
Trade creditors	400	1,078
Amounts owed to group undertakings	67	755
Other taxation and social security costs	214	180
Accruals and deferred income	259	47
	940	2,060

16. Creditors: amounts falling due after more than one year

	2003 £000	2002 £000
Amounts owed to group undertakings	19,175	19,239
Amounts owed to parent undertaking	7,912	7,912
	27,087	27,151

	Owed to Group Undertakings £000	*Owed to Parent Undertaking £000*	*Total £000*
Amounts falling due:			
In one year or less or on demand	67	-	67
In more than five years	19,175	7,912	27,087
	19,242	7,912	27,154
Less included in:			
Creditors: amounts falling due within one year	(67)	-	(67)
	19,175	7,912	27,087

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Notes to the financial statements

At 31 December 2003

17. Provisions for liabilities and charges

	2003	*2002*
	£000	*£000*
Provision for reorganisation and restructuring:		
At 1 January	103	139
Arising during the year	-	-
Utilised in the year	(30)	(36)
At 31 December	73	103

This provision has been set up to provide for costs of restructuring. It is anticipated it will be fully utilised over three years and relates principally to onerous building lease costs.

18. Called up share capital

		Allotted		*Authorised, issued and fully paid*
	2003	*2002*	*2003*	*2002*
	No.	*No.*	*£000*	*£000*
Ordinary 'A' shares of 5p each	100,000	100,000	5	5
Ordinary 'B' shares of 5p each	100,000	100,000	5	5
	200,000	200,000	10	10

19. Financial commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings			*Other*
	2003	*2002*	*2003*	*2002*
	£000	*£000*	*£000*	*£000*
Leases expiring:				
Within one year	3	3	57	17
Within two to five years	30	30	-	55
Over five years	167	167	-	-
	200	200	57	72

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Notes to the financial statements

At 31 December 2003

20. Pension commitments

SSAP24 disclosures

The Company operates a defined contribution pension scheme, the Vishay Limited Group Personal Pension Plan, for all employees who have joined the company after 31 August 2000. The assets of the scheme are held separately from those of the company in an independently administered fund.

The Company also operates a defined benefit pension scheme, which is funded by payment of contributions to separately administered funds. The contributions to the defined benefit scheme are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit method of funding.

The results of the most recent valuation report which was issued in March 2003 and has an effective date of 6 April 2002 are as follows:

Main assumptions:	
Rate of return on investments (% per annum)	7.5
Rate of salary increases (% per annum)	5
Rate of pension increases (% per annum)	3
Market value of scheme's assets (£000)	2,941
Level of funding being the actuarial value of assets expressed as a percentage of the benefits accrued to members, after allowing for future salary increases	88%

Over the year ending 31 December 2003, total contributions were paid at a total rate of 21.2% of pensionable pay (with the employees paying 4.2% of pensionable salaries). This contribution rate is expected to continue until 3 June 2008 (this is the end of the period covered by schedule of contributions). This will be subject to the result of the scheme's next actuarial valuation date as at 1 April 2005.

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Notes to the financial statements

At 31 December 2003

20. Pension commitments (continued)

FRS17 disclosures

The pension cost figures used in these accounts comply with the current pension cost accounting standard SSAP24. A new pension cost accounting standard, FRS17, must be used for the figures that will be shown in the accounts at 31 December 2005 and subsequent years. Under transitional arrangements the company is required to disclose the following information about the scheme and the figures that would have been shown under FRS17 in the current balance sheet.

The company operates a defined benefit scheme in the UK, the Vishay Components Pension Scheme. A full actuarial valuation was carried out at 6 April 2002 and updated to 31 December 2003 by a qualified independent actuary. The major assumptions used by the actuary were:

	2003	*2002*
Main assumptions:		
Rate of increase in salaries	4.3%	3.8%
Rate of increase in pensions in payment	2.5%	2.0%
Rate of increase in deferred pensions	2.8%	2.3%
Discount rate	5.4%	5.5%
Inflation assumption	2.8%	2.3%
Discretionary pension increases	3.0%	3.0%

The assets and liabilities of the scheme and the expected rate of return (*) at 31 December 2003 were:

	Long term rate of return expected	*Value £000*
Equities	8.0	2,278
Bonds	5.5	165
Properties	7.8	99
Others	4.0	759
Total market value of assets		3,301
Present value of scheme liabilities		(5,413)
Pension liability before deferred tax		(2,112)
Related deferred tax asset at 30%		634
Net pension liability		(1,478)

(*) The rates of return are gross rates before allowing for the expenses of running the scheme.

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Notes to the financial statements

At 31 December 2003

20. Pension commitments (continued)

The assets in the scheme and the expected rate of return (*) at 31 December 2002 were:

	Long term rate of return expected 2002 %	*Value 2002 £'000*
Equities	8.0	1,933
Bonds	5.5	711
Properties	7.8	57
Other	4.0	142
Total market value of assets		2,843
Present value of scheme liabilities		(4,456)
Pension liability before deferred tax		(1,613)
Related deferred tax asset at 30%		484
Net pension liability		(1,129)

(*) The rates of return are gross rates before allowing for the expenses of running the scheme.

(b) Components of defined benefit cost for the year under FRS 17

	2003 £000
Analysis of amounts which would be charged to operating profit under FRS17	
Current service cost	92
Past service costs	-
Previously unrecognised surplus deducted from past service costs	-
Total charge to operating profit	92
Analysis of other amounts which would be charged to profit and loss account under FRS17	
Net gain to profit and loss account	-
Analysis of amounts which would be charged to other finance income under FRS17	
Interest on pension scheme liabilities	245
Pension scheme expenses	-
Expected return on assets in the pension scheme	(206)
Net charge to other finance income	39
Total profit and loss account charge before deduction of tax	131

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Notes to the financial statements

At 31 December 2003

20. Pension commitments (continued)

Analysis of amounts which would be recognised in the Statement of Total Recognised Gains and Losses under FRS17

	£'000
Loss on assets	246
Experience gain on liabilities	38
Loss on change of assumptions	(757)
Total loss recognised in the Statement of Total Recognised Gains and Losses before deduction of tax	(473)

History of experience gains and losses

	%	£'000
Loss on scheme assets	7.5	246
Experience gain on liabilities	0.7	39
Total loss recognised in the Statement of Total Recognised Gains and Losses before deduction of tax	8.7	(473)

Analysis of the movements in the deficit in the scheme during the year under FRS17

	£'000
Deficit in the scheme at beginning of year	(1,613)
Contributions paid	105
Current service cost	(92)
Other finance income	(39)
Actuarial gain	(473)
Deficit in the scheme at the end of year	(2,112)

The company's net assets, including the FRS17 balance sheet item above (net of deferred tax), would be £6,120,000 at 31 December 2003 (£6,534,000 at 31 December 2002).

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Notes to the financial statements

At 31 December 2003

21. Reconciliation of shareholder's funds and movements on reserves

	Share capital £000	*Profit and loss account £000*	*Total shareholders funds £000*
At 1 January 2002	10	7,584	7,594
Profit for the year	-	5	5
Movement on exchange	-	64	64
At 31 December 2002	10	7,653	7,663
Loss for the year	-	(131)	(131)
Movement on exchange	-	66	66
At 31 December 2003	10	7,588	7,598

22. Parent undertaking and controlling party

The company's immediate parent undertaking is E-Sil Components Limited, which is incorporated in England and Wales, registered number 2177694. Group financial statements, which include Vishay Ltd, can be obtained from the registered office: Pallion Industrial Estate, Sunderland, Tyne & Wear, SR4 6SU.

In the directors' opinion, the company's ultimate parent undertaking and controlling party is Vishay Intertechnology Inc, which is incorporated in the United States of America. Its financial statements, which include Vishay Ltd, can be obtained from 63 Lincoln Highway, Malvern, PA19355 – 2120 USA.

23. Director's loan

'Other debtors' (note 14) represents a loan to a director, P N Jeffreys. The loan accrues interest at 4.5% per annum and is repayable in monthly instalments of £1,000. The loan was advanced to him on 31 May 2002 and at 31 December 2003 £2,000 was outstanding.

24. Related party transactions

The company has taken advantage of the exemptions available to subsidiary undertakings under FRS 8 Related Party Disclosures, by not disclosing transactions with entities of the Group qualifying as related parties.

Details of transactions with directors are disclosed in note 23.

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