VISHAY LTD

Report and Financial Statements

31 December 2001

Registered No: 886870

DIRECTORS
J J Holmberg
J W Wheeler
R Freece
G W Paul
P N Jeffreys
L M Bell
N Brown (appointed 1 October 2001)
V Slawinski (appointed 1 October 2001)

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

DIRECTORS' REPORT

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

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 profit for the year attributable to shareholders amounted to £2,559,000 (2000: £1,387,000) and is dealt with as shown in the profit and loss account. The directors do not propose the payment of a dividend.

FIXED ASSETS

The changes in tangible fixed assets during the year are summarised in note 11 to the financial statements.

DIRECTORS

The directors during the year were as follows:

J J Holmberg
J W Wheeler
R Freece
G W Paul
J G Deller (resigned 28 June 2001)
P N Jeffreys
L M Bell
N Brown (appointed 1 October 2001)
V Slawinski (appointed 1 October 2001)

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 2001 Ordinary	*31 December 2000 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

25 October 2002

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; 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.

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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 2001 which comprise 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.

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.

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 2001 and of its profit 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

25 October 2002

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2001

	Notes	2001 £000	2000 £000
TURNOVER	2	38,341	33,551
Operating costs	3	(34,849)	(32,014)
		3,492	1,537
Other operating income	7	28	329
OPERATING PROFIT	4	3,520	1,866
Bank interest receivable		60	125
Interest payable and similar charges	8	(247)	(114)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,333	1,877
Tax on profit on ordinary activities	9	(774)	(490)
PROFIT RETAINED FOR THE FINANCIAL YEAR	22	2,559	1,387

STATEMENT OF MOVEMENTS ON RESERVES

	2001 £000	2000 £000
Balance at 1 January 2001	5,040	3,701
Retained profit for the year	2,559	1,387
Movement on exchange	(15)	(48)
Balance at 31 December 2001	7,584	5,040

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2001 £000	2000 £000
Profit for the financial year	2,559	1,387
Movement on exchange arising on intercompany loan	(15)	(48)
Total recognised gains and losses	2,544	1,339

BALANCE SHEET
at 31 December 2001

	Notes	£'000	2001 £000	£'000	2000 £000
FIXED ASSETS					
Intangible assets	10		2,756		2,904
Tangible assets	11		1,349		901
Investments	12		8,064		8,064
			12,169		11,869
CURRENT ASSETS					
Stock	13		3,480		8,517
Debtors:	14				
Amounts falling due after one year		4,533		4,533	
Amounts falling due within one year		13,858		11,946	
			18,391		16,479
Cash at bank and in hand			7,497		1,584
			29,368		26,580
CREDITORS: amounts falling due within one year	15		7,387		6,808
NET CURRENT ASSETS			21,981		19,772
TOTAL ASSETS LESS CURRENT LIABILITIES			34,150		31,641
CREDITORS: amounts falling due after more than one year	16		26,417		26,417
PROVISIONS FOR LIABILITIES AND CHARGES	17		139		174
			7,594		5,050
CAPITAL AND RESERVES					
Called up share capital	19		10		10
Profit and loss account	22		7,584		5,040
Shareholders' funds	22		7,594		5,050

LBell

L M Bell Director

25 October 2002

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NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2001

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	-	equal instalments 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.

Deferred taxation
Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that taxation will be payable.

1. **ACCOUNTING POLICIES** (continued)

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.

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. 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.

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 principal activity.

A geographical analysis of turnover is as follows:

	2001	*2000*
	£000	*£000*
United Kingdom	21,043	25,666
Rest of Europe	8,365	4,597
Rest of World	8,933	3,288
	38,341	33,551

3. **OPERATING COSTS**

	2001	*2000*
	£000	*£000*
Decrease/(Increase) in stocks	5,037	(740)
Raw materials and consumables	24,773	28,614
Staff costs:		
- Wages and salaries	2,124	1,828
- Social security costs	184	162
- Pension costs	199	167
Depreciation and other amounts written off tangible fixed assets	259	214
Amortisation of goodwill	148	49
Other operating charges	2,125	1,720
	34,849	32,014

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2001

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2001	*2000*
	£000	*£000*
Leasehold property rent	200	110
Auditors' remuneration - audit services	18	21
Amortisation of goodwill	148	49
Hire of plant and machinery - rentals payable under operating leases	90	97
Profit on disposal of fixed assets	(5)	-

Non audit fees paid to Ernst & Young amounted to £68,000 (2000: £109,000).

5. EMOLUMENTS OF DIRECTORS

	Highest paid director		*All directors*	
	2001	*2000*	*2001*	*2000*
	£000	*£000*	*£000*	*£000*
Directors' fees and remuneration	249	79	612	244
Company contributions paid to money purchase pension schemes	15	-	54	-
The above includes: Compensation for loss of office	136	-	136	-

No director has any share options in the company (2000: Nil).

At 31 December 2001 two directors were eligible for defined benefit pension schemes (2000: two directors).

The accrued pension benefit payable to the highest paid director is £25,252 (2000: £31,100). This is based upon the director not receiving a lump sum on retirement. Accrued pension benefits can be converted into a lump sum payment, which would reduce the accrued benefit stated above.

6. STAFF NUMBERS

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

	2001	*2000*
	No.	*No.*
Factory	34	61
Selling	48	56
Administration	15	17
	97	134

7. OTHER OPERATING INCOME/(EXPENSES)

	2001	*2000*
	£000	*£000*
Royalty expense	(346)	(352)
Commission receivable	580	982
Exchange differences	(108)	(4)
Commission payable	(98)	(297)
	28	329

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2001	*2000*
	£000	*£000*
Bank loans and overdrafts	1	32
Loans from group companies	246	82
	247	114

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

The charge based on the profit for the year:	*2001*	*2000*
	£000	*£000*
UK corporation tax at 31%	999	490
Adjustment in respect of prior years	(123)	-
Group relief	(102)	-
	774	490

The Group relief credit related to the surrender of tax losses from fellow group undertakings.

10. INTANGIBLE FIXED ASSETS

	Goodwill
	£'000
Cost:	
At 1 January 2001	2,953
Additions	-
At 31 December 2001	2,953
Amortisation:	
At 1 January 2001	49
Provided during the year	148
At 31 December 2001	197
Net book value:	
At 31 December 2001	2,756
At 31 December 2000	2,904

11. TANGIBLE FIXED ASSETS

	Land and buildings short leasehold	*Plant, machinery & equipment*	*Total*
	£000	*£000*	*£000*
Cost:			
At 1 January 2001	41	1,348	1,389
Additions	-	712	712
Transfers – group companies	-	(48)	(48)
Disposals	-	(17)	(17)
At 31 December 2001	41	1,995	2,036
Depreciation:			
At 1 January 2001	33	455	488
Charge for year	8	251	259
Transfers – group companies	-	(43)	(43)
Disposals	-	(17)	(17)
At 31 December 2001	41	646	687
Net book value:			
At 31 December 2001	-	1,349	1,349
At 31 December 2000	8	893	901

12. INVESTMENTS

	£000
Cost:	
At 1 January and 31 December 2001	8,064

The company has a 100% 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

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2001

13. STOCKS

	2001 £000	2000 £000
Raw materials and consumables	418	625
Work in progress	200	200
Finished goods and goods for resale	2,862	7,692
	3,480	8,517

The replacement cost of stock is not materially different from the balance sheet values.

14. DEBTORS

	2001 £000	2000 £000
Trade debtors	6,245	9,250
Prepayments and accrued income	140	161
Other debtors	20	-
Group company balances	11,986	7,068
	18,391	16,479

Included in group company balances are amounts totalling £4,533,000 which are due after more than one year (2000: £4,533,000).

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £000	2000 £000
Trade creditors	698	1,295
Amounts owed to group companies	5,701	4,371
Corporation tax	374	371
Other taxation and social security costs	419	271
Accruals and deferred income	195	500
	7,387	6,808

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001	2000
	£000	£000
Amounts owed to group companies	18,617	18,617
Amounts owed to holding company	7,800	7,800
	26,417	26,417

	Owed to Group Companies	Owed to Holding Company	Total
	£'000	£'000	£'000
Amounts falling due:			
In one year or less or on demand	5,701	-	5,701
In more than five years	18,617	7,800	26,417
	24,318	7,800	32,118
Less included in:			
Creditors: amounts falling due within one year	5,701	-	5,701
	18,617	7,800	26,417

17. PROVISIONS FOR LIABILITIES AND CHARGES

	2001	2000
	£000	£000
Provision for reorganisation and restructuring:		
At 1 January	174	-
Arising during the year	-	930
Utilised in the year	(35)	(756)
At 31 December	139	174

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

18. DEFERRED TAXATION

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

	2001	2000
	£000	£000
Capital allowances in advance of depreciation	81	153
Other timing differences	76	129
Losses	-	45
	157	327

19. CALLED UP SHARE CAPITAL

		Allotted	*Authorised, issued and fully paid*	
	2001	*2000*	*2001*	*2000*
	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

20. FINANCIAL COMMITMENTS

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings			*Other*
	2001	*2000*	*2001*	*2000*
	£000	*£000*	*£000*	*£000*
Leases expiring:				
Within one year	3	3	17	11
Within two to five years	30	30	59	30
Over five years	167	77	-	-
	200	110	76	41

21. PENSION COMMITMENTS

SSAP24 disclosures

The Company 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 most recent valuation report was issued in June 2001 and has an effective date of 6 April 1999. The valuation shows the market value of assets to be £2,823,158. The level of funding on a minimum funding requirement basis, assuming no allowance for future discretionary increases, is in excess of 120%. The principal assumptions used were that investment returns would be 8.4% per annum and that salaries would increase by 5.1% per annum.

The Trustees have agreed to pay 19% of pensionable salaries from 6 April 2000.

The considered opinion of the Actuary was that as at 6 April 1999 the assets of the Scheme were sufficient to cover the accrued discontinuance liabilities.

21. 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 2003 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 1999 and updated to 31 December 2001 by a qualified independent actuary. The major assumptions used by the actuary were:

	2001
	%
Rate of increase in salaries	3.75
Discount rate	5.8
Inflation assumption	2.25
Rate of increase in pensions in payment	2.0

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

	Long term rate of return expected 2001	*Value 2001*
	%	*£'000*
Equities	8.0	2,346
Bonds	7.0	838
Properties	8.0	67
Other	6.0	100
Total market value of assets		3,351
Present value of scheme liabilities		(4,105)
Deficit in the scheme		(754)
Related deferred tax asset at 30%		226
Net pension liability		(528)

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

If the above pension liability was recognised in the financial statements, the company's net assets and profit and loss account would be as follows:

	2001
	£'000
Net assets excluding pension liability	7,594
Pension liability	(528)
Net assets including pension liability	7,066

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21. PENSION COMMITMENTS (continued)

FRS17 disclosures (continued)

	2001
	£'000
Profit and loss account excluding pension liability	7,584
Pension liability	(528)
Profit and loss account	7,056

22. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital	*Profit and loss account*	*Total Shareholders funds*
	£000	*£000*	*£000*
At 1 January 2000	10	3,701	3,711
Profit for the year	-	1,387	1,387
Movement on exchange	-	(48)	(48)
At 31 December 2000	10	5,040	5,050
Profit for the year	-	2,559	2,559
Movement on exchange	-	(15)	(15)
At 31 December 2001	10	7,584	7,594

23. 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.

24. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions available to subsidiary undertakings under FRS8, Related Party Disclosures, by not disclosing transactions with entities of the Group qualifying as related parties.