Burgess Architectural Products Limited

Financial statements

For the year ended 31 December 2006

Company No. 1129056

Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2006

Principal activities and business review

The principal activity of the company is the manufacture of steel ceiling systems and small acoustic enclosures

The profit for the year after taxation amounted to £12,000 (2005 - loss £141,000)

The company has successfully increased turnover by 15% during the year from improved project conversion rate and by expanding its activities outside of the United Kingdom (exports are up 161% from an admittedly low base in 2005), and with a consequent significant improvement on operating margins Business conditions within the UK have changed little, and at the end of the year the home market remains as competitive as ever, but as steady as it has been all year

The growth in volume has brought the business comfortably back to profit, which is a significant achievement after a less successful trading record over a number of years The turnaround has been achieved over the last two years and after a major expense on additional pension contribution of £250k (2005 - £218k) to the main employee scheme

Operations continue to produce strong positive cashflows to the business from close attention to working capital controls and operating expenses

The numbers employed have not changed significantly in the year

The Company takes seriously its environmental responsibilities, and during the year embarked upon the renovation of its wet paint line to better control emissions in conjunction with local authority guidelines

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements

The directors have not recommended a dividend

Directors

The directors who served the company during the year were as follows

D J R Palmer	
R L Whitehouse	
R J Burke	
J M Higgins	
N A Brice	(Appointed 1 December 2006)
N A Walker	(Appointed 1 December 2006)
G M Entwistle	(Resigned 31 January 2006)
A K Jolliffe	(Resigned 1 December 2006)
T Moore	(Served from 1 February 2006 to 1 December 2006)

The company is a wholly owned subsidiary of TT electronics plc and the interests of the group directors are disclosed in the financial statements of the parent company

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

The beneficial interests of each director in the shares of the ultimate parent undertaking are noted below

	25p ordinary shares			
		31 December 2006		1 January 2006 (or date of appointment)
	Shares	**Options**	Shares	Options
R J Burke	**–**	**3,041**	–	3,041
D J R Palmer	**–**	**11,021**	–	11,021
R L Whitehouse	**–**	**11,021**	–	11,021
J M Higgins	**–**	**1,849**	–	1,849
N A Brice	**–**	**80,641**	–	80,641
N A Walker	**1,794**	**66,367**	1,794	66,367
	1,794	**173,940**	1,794	173,940

Share options are exercisable on or after:

	Number of options
22 April 2000 at 359 000p	**5,572**
24 March 2001 at 300 000p	**6,710**
31 March 2002 at 177 500p	**11,830**
28 March 2003 at 91 500p	**22,950**
18 April 2004 at 163 000p	**13,500**
3 April 2005 at 165 000p	**18,062**
26 March 2006 at 80 000p	**38,500**
24 May 2007 at 145 000p	**30,066**
7 April 2008 at 205 500p	**26,750**
	173,940

No director exercised share options during the year

Financial risk management objectives and policies

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations The main risks arising from the company financial instruments are interest rate risk, liquidity risk and foreign currency risk The directors review and agree policies for managing each of these risks and they are summarised below The policies have remained unchanged from previous periods

Interest rate risk

The company finances its operations through a mixture of retained profits, inter-company accounts and bank borrowings The company's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of both fixed and floating facilities

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably Primarily this is achieved through inter-company accounts and bank overdraft facilities

Currency risk

The company is exposed to transaction and translation foreign exchange risk In relation to translation risk the proportion of assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency Transaction exposures are hedged when known, mainly using the forward hedge market

Directors' responsibilities

The directors are responsible for preparing the Report of the directors and the 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The financial statements are required by law to 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 these 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, 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 that disclose with reasonable accuracy at any time the financial position of the company and 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985

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BY ORDER OF THE BOARD

W J Sharp
Secretary
16 March 2007

Grant Thornton

Report of the independent auditor to the members of Burgess Architectural Products Limited

We have audited the financial statements of Burgess Architectural Products Limited for the year ended 31 December 2006 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 22 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 directors and auditor

The directors' responsibilities for preparing the Report of the directors and the financial statements in accordance with United Kingdom law and 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 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 to you whether in our opinion the information given in the Report of the directors is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions is not disclosed

We read the Report of the directors and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of 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

Report of the independent auditor to the members of Burgess Architectural Products Limited (continued)

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the directors is consistent with the financial statements

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

SHEFFIELD
16 March 2007

Principal accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards

The principal accounting policies of the company are set out below The policies have remained unchanged from the previous year except as stated below

Change in accounting policy

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standard

FRS 20 'Share-based payments (IFRS 2)'

The adoption of FRS 20 'Share-based Payment' has resulted in a change in accounting policy in respect of share-based remuneration, principally share options The effect of this adoption on the profit and loss for the year is not material

Cash flow statement

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' from publishing a cash flow statement

Turnover

Turnover is the invoice value of goods and services supplied excluding VAT Transactions are recorded as sales when the delivery of products or performance of services takes place in accordance with the contract terms of sale

Research and development

Research and development costs are incurred in the development of new products and processes and in the substantial improving of existing products and processes The expenditure is charged to the profit and loss account as incurred

Fixed assets

Tangible fixed assets are stated at cost, less a provision for depreciation

Following the implementation of FRS 15 'Tangible Fixed Assets' the company has adopted a policy of not revaluing fixed assets The carrying amount of tangible fixed assets previously revalued have been retained at their book amount in accordance with the transitional provisions of FRS 15

The carrying values of fixed assets are reviewed for impairment where there is an indication that the asset may be impaired

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold buildings	-	50 years
Plant, equipment and vehicles	-	between 3 and 10 years on cost according to asset type

No depreciation is provided on freehold land

Stocks

Stocks and work in progress are stated at the lower of cost, including related overheads, and net realisable value

Leases

Assets acquired under finance leases which confer substantially all the risks and rewards of ownership of an asset, are capitalised and outstanding instalments, net of interest, are shown in creditors

Payments on operating leases are charged to the profit and loss account on a straight line basis over the lease term

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 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 are dealt with through the profit and loss account

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability Dividends and distributions relating to equity instruments are debited direct to equity

Pension costs

Defined Benefit Pension Scheme

The defined benefit scheme participated in 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 FRS 17 to assess the liabilities of the scheme at 31 December 2006 Accordingly, the pension costs in respect of the defined benefit scheme represent the amount of contributions payable in respect of the accounting period

Defined Contribution Pension Scheme

Pension costs represent the amount of contributions payable in respect of the accounting period

Share-based payments

The fair value at the date of grant of share based remuneration, principally share options, is calculated using a binomial pricing model and charged to the income statement on a straight line basis over the vesting period of the award The charge to the income statement takes account of the estimated number of shares that will vest All share based remuneration is equity settled

Profit and loss account

	Note	2006 £000	2005 £000
Turnover	1	**5,854**	5,108
Cost of sales		**(4,184)**	(3,780)
Gross profit		**1,670**	1,328
Other operating charges	2	**(1,603)**	(1,504)
Operating profit/(loss)	3	**67**	(176)
Interest payable and similar charges	6	**(6)**	(21)
Profit/(loss) on ordinary activities before taxation		**61**	(197)
Tax on profit/(loss) on ordinary activities	7	**(49)**	56
Profit/(loss) for the financial year	18	**12**	(141)

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

Balance sheet

	Note	2006 £000	2005 £000
Fixed assets			
Tangible assets	8	**977**	1,141
Current assets			
Stocks	9	**523**	609
Debtors	10	**1,073**	926
Cash at bank		**243**	49
		1,839	1,584
Creditors. amounts falling due within one year	11	**(1,306)**	(1,125)
Net current assets		**533**	459
Total assets less current liabilities		**1,510**	1,600
Creditors. amounts falling due after more than one year	12	**(1,123)**	(1,123)
		387	477
Provisions for liabilities			
Deferred taxation	13	**–**	102
		387	375
Capital and reserves			
Called-up equity share capital	17	**850**	850
Share premium account	18	**362**	362
Profit and loss account	18	**(825)**	(837)
Shareholders' funds	19	**387**	375

These financial statements were approved by the directors on 16 March 2007 and are signed on their behalf by

D J R Palmer

R J Burke

Notes to the financial statements

1 Turnover

Turnover is derived from the manufacture of steel ceiling systems and small acoustic enclosures
An analysis of turnover is given below

	2006 £000	2005 £000
United Kingdom	**5,254**	4,878
Rest of Europe	**387**	115
Rest of the World	**213**	115
	5,854	5,108

The whole of turnover and profit on ordinary activities before taxation originated in the United Kingdom

2 Other operating charges

	2006 £000	2005 £000
Distribution costs	**944**	905
Administrative expenses	**659**	599
	1,603	1,504

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting)

	2006 £000	2005 £000
Depreciation of owned fixed assets	**248**	256
Auditor's remuneration - audit of financial statements	**12**	12
Operating lease costs		
Plant and equipment	**–**	1

Statutory information on remuneration for other services provided by the company's auditors and its associates is given on a consolidated basis in the group accounts of the ultimate parent undertaking, TT electronics plc

4 Directors and employees

The average number of staff employed by the company during the financial year amounted to

	2006	2005
	No	No
Production	**29**	26
Sales and distribution	**15**	15
Administration	**5**	5
	49	46

The aggregate payroll costs of the above were

	2006	2005
	£000	£000
Wages and salaries	**1,071**	1,010
Social security costs	**100**	88
Other pension costs	**339**	294
	1,510	1,392

5 Directors

Remuneration in respect of directors was as follows

	2006	2005
	£000	£000
Emoluments receivable	**238**	213

Emoluments of highest paid director

	2006	2005
	£000	£000
Total emoluments (excluding pension contributions)	**80**	58

The number of directors who accrued benefits under company pension schemes was as follows

	2006	2005
	No	No
Money purchase schemes	**1**	1
Defined benefit schemes	**3**	3

6 Interest payable and similar charges

	2006	2005
	£000	£000
To group undertakings	**6**	21

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2006 **£000**	2005 £000
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 30% (2005 - 30%)	**151**	(35)
Total current tax	**151**	(35)
Deferred tax.		
Origination and reversal of timing differences	**(102)**	(21)
Tax on profit/(loss) on ordinary activities	**49**	(56)

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2005 - 30%)

	2006 **£000**	2005 £000
Profit/(loss) on ordinary activities before taxation	**61**	(197)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2005 - 30%)	**18**	(59)
Expenses not deductible for tax purposes	**3**	4
Depreciation for the period in excess of capital allowances	**74**	19
Adjustment in respect of prior periods	**56**	-
Other	**-**	1
Total current tax (note 7(a))	**151**	(35)

8 Tangible fixed assets

	Freehold Land & Buildings £000	Plant, Equipment and Vehicles £000	Total £000
Cost			
At 1 January 2006	375	4,266	4,641
Additions	–	83	83
Disposals	–	(72)	(72)
At 31 December 2006	375	4,277	4,652
Depreciation			
At 1 January 2006	106	3,394	3,500
Charge for the year	5	243	248
On disposals	–	(73)	(73)
At 31 December 2006	111	3,564	3,675
Net book value			
At 31 December 2006	**264**	**713**	**977**
At 31 December 2005	269	872	1,141

The net book value amount of freehold land and buildings included £107,000 (2005 - £107,000) in respect of land

9 Stocks

	2006 £000	2005 £000
Raw materials	**137**	151
Work in progress	**16**	25
Finished goods	**370**	433
	523	609

10 Debtors

	2006 £000	2005 £000
Trade debtors	**1,018**	834
Amounts owed by group undertakings	**8**	2
Corporation tax repayable	**–**	36
Other debtors	**2**	2
Prepayments and accrued income	**45**	52
	1,073	926

11 Creditors: amounts falling due within one year

	2006 £000	2005 £000
Trade creditors	**734**	760
Amounts owed to group undertakings	**3**	24
Corporation tax	**123**	–
Other taxation and social security	**97**	46
Accruals and deferred income	**349**	295
	1,306	1,125

12 Creditors: amounts falling due after more than one year

	2006 £000	2005 £000
Amounts owed to group undertakings	**1,123**	1,123

13 Deferred taxation

The movement in the deferred taxation provision during the year was

	2006 £000	2005 £000
Provision brought forward	**102**	123
Profit and loss account movement arising during the year	**(102)**	(21)
Provision carried forward	**-**	102

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2006 £000	2005 £000
Excess of taxation allowances over depreciation on fixed assets	**-**	122
Other short term timing differences	**-**	(20)
	-	102

14 Derivatives

There were no derivatives held by the company at 31 December 2006 or 31 December 2005 not recognised in the financial statements

15 Contingent liabilities

There was a cross guarantee between certain companies in the group on all bank overdrafts with the National Westminster Bank plc At 31 December 2006 the amount thus guaranteed by the company was £nil (2005 - £nil)

16 Related party transactions

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

17 Share capital

Authorised share capital

	2006 £000	2005 £000
850,000 Ordinary shares of £1 each	**850**	850

Allotted, called up and fully paid

	2006 No	2006 £000	2005 No	2005 £000
Ordinary shares of £1 each	**850,000**	**850**	850,000	850

18 Reserves

	Share premium account £000	Profit and loss account £000
At 1 January 2006	**362**	**(837)**
Profit for the year	**–**	**12**
At 31 December 2006	**362**	**(825)**

19 Reconciliation of movements in shareholders' funds

	2006 £000	2005 £000
Profit/(Loss) for the financial year	**12**	(141)
New ordinary share capital subscribed	**–**	750
Net addition to shareholders' funds/(deficit)	**12**	609
Opening shareholders' funds/(deficit)	**375**	(234)
Closing shareholders' funds	**387**	375

20 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £29,000 (2005 - £20,000)

21 Pension commitments

Defined Contribution Pension Scheme

The company operates a defined contribution pension scheme for the benefit of directors and employees The scheme is set up under trust and its assets are therefore independent from those of the company

The total contributions charged by the company in respect of the year ended 31 December 2006 were £15,000 (2005 - £14,000) The difference between the accumulated charge and the payments made to the scheme is dealt with in debtors and creditors as appropriate

Defined Benefit Pension Scheme

The company participates in a defined benefit pension scheme to provide benefits to directors and employees The scheme is set up under trust and its assets are therefore independent of those of the company

The defined benefit scheme participated in 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 FRS 17 and accounted for the scheme as if it were a defined contribution scheme

The total contributions charged by the company in respect of the year ended 31 December 2006 were £320,000 (2005 - £290,000) The difference between the accumulated charge and the payments made to the scheme is dealt with in debtors and creditors as appropriate

The most recent valuation of the scheme has been updated by an independent qualified actuary, taking account of the requirements of FRS 17 to assess the liabilities of the scheme at 31 December 2006 The market value of the scheme assets at the year end was £93,835,000 and the present value of the scheme liabilities was £119,352,000

22 Ultimate parent company

Automotive Electronic Systems Limited is the company's controlling related party by virtue of its 100 per cent interest in the company

The company's ultimate controlling related party and ultimate parent undertaking is TT electronics plc which is registered in England and Wales

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