

Viasystems Holdings Limited
Annual report
for the year ended 31 December 1999

Registered no: 1458898



Annual report for the year ended 31 December 1999

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Directors' report for the year ended 31 December 1999

The directors present their report and the audited financial statements for the year ended 31 December 1999.

Principal activities

Viasystems Holdings Limited is the intermediate holding company of a group engaged in the supply of specialist interconnection services to the European electronics industry.

Group reorganisation

In March 2000 a resolution was passed by the Board of Directors to transfer ownership of the company, through other wholly owned subsidiaries, to European PCB Group (Cayman Islands) Limited which is incorporated and registered in the Cayman Islands.

Review of business

The state of the company's affairs and the results for the year are as shown in the accompanying financial statements.

The profit and loss account of the company shows a loss of £2,597,640 for the year (year to December 1998: loss of £25,941,287).

Dividends

The directors do not recommend the payment of a dividend.

Charitable donations

The company made £nil (1998: £1,240) in charitable donations during the year.

Directors' report (continued)

Directors

The directors who held office during the year were:

| | |
|--------------|---------------------------|
| G C Nelson | (resigned 21 April 1999) |
| D M Sindelar | (resigned 22 May 2000) |
| D J Webster | |
| F M Loveland | (resigned 21 April 1999) |
| J L Davis | (appointed 21 April 1999) |

A director appointed since the year end is:

| | |
|---------|-------------------------|
| G G Sax | (appointed 22 May 2000) |
|---------|-------------------------|

Directors' interests

None of the directors held any beneficial interest in the shares of the company as at 31 December 1999.

Employees

It is the company's policy to give full consideration to applications for employment from disabled persons. Due regard is given to the aptitude and ability of the individual relative to the requirements of the job concerned.

The Group's policy on training and promotion is to develop and improve the potential of each employee and this policy also applies to disabled persons. Every effort is made to retain the services of employees who become disabled during their employment.

Policy and practice on payment of creditors

In respect of providers of goods and services it is the company's policy to either: -

- settle the terms of the payment with those suppliers when agreeing the terms of each transaction or, where appropriate, accept the supplier's standard terms;
- ensure that suppliers are made aware of the terms of payment; or
- pay in accordance with its contractual and other legal obligations.

As at 31 December 1999 the creditor days were 26 days (31 December 1998: nil).

Directors' report (continued)**Directors' responsibilities**

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 at the end of the year and of the profit or loss for that year. 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 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.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office. The company has elected to dispense with the requirement to appoint auditors annually.

On behalf of the Board

G G Sax
Director

29 January 2001

Report of the auditors to the members of Viasystems Holdings Limited

We have audited the financial statements on pages 5 to 17, which have been prepared in accordance with the historic cost convention and the accounting policies set out on pages 7 to 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3 this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual 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 opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Newcastle upon Tyne
29 January 2001

Profit and loss account for the year ended 31 December 1999

| | Notes | Year ended 31 December 1999 £ | Year ended 31 December 1998 £ |
|--|-------|--|--|
| Administrative expenses | | (3,636,743) | (4,022,606) |
| Other operating income | | <u>1,366,727</u> | <u>2,902,913</u> |
| Operating loss | | (2,270,016) | (1,119,693) |
| Amounts written off investments | 9 | - | (25,755,142) |
| Interest receivable and similar income | 3 | 3,174,682 | 2,926,895 |
| Interest payable and similar charges | 4 | <u>(4,067,118)</u> | <u>(2,020,538)</u> |
| Loss on ordinary activities before taxation | 7 | (3,162,452) | (25,968,478) |
| Tax on loss on ordinary activities | 6 | <u>564,812</u> | <u>27,191</u> |
| Retained loss for the financial year | 15 | <u>(2,597,640)</u> | <u>(25,941,287)</u> |

The above results relate to continuing operations.

The results for the year on a historical cost basis are not materially different to that reported above.

The company has no recognised gains or losses other than those reflected in the profit and loss account. Therefore a statement of total recognised gains and losses has not been presented.

Reconciliation of movement in shareholders funds

| | Year ended 31 December 1999 £ | Year ended 31 December 1998 £ |
|--|--|--|
| Retained loss for the financial year | (2,597,640) | (25,941,287) |
| Issue of share capital | - | 610,060 |
| Share premium account | <u>8,325,238</u> | <u>25,386,303</u> |
| Net increase in shareholders' funds | 5,727,598 | 55,076 |
| Opening shareholders' deficit | <u>(2,055,415)</u> | <u>(2,110,491)</u> |
| Closing shareholders' funds/(deficit) | <u>3,672,183</u> | <u>(2,055,415)</u> |

The notes on pages 7 to 17 form an integral part of the financial statements.

Balance sheet at 31 December 1999

| | Notes | 31 December 1999 | 31 December 1998 |
|--|-------|---------------------|---------------------|
| Fixed assets | | | |
| Tangible assets | 8 | 4,014,259 | 3,980,783 |
| Investments | 9 | 10,491,383 | 2,166,145 |
| | | <u>14,505,642</u> | <u>6,146,928</u> |
| Current assets | | | |
| Debtors | 10 | 37,880,022 | 37,437,328 |
| Cash at bank and in hand | | 136,964 | - |
| | | <u>38,016,986</u> | <u>37,437,328</u> |
| Creditors: amounts falling due within one year | 11 | (43,450,445) | (40,106,521) |
| Net current liabilities | | <u>(5,433,459)</u> | <u>(2,669,193)</u> |
| Total assets less current liabilities | | <u>9,072,183</u> | <u>3,477,735</u> |
| Creditors: amounts falling due after more than one year | 12 | (5,400,000) | (5,400,000) |
| Provisions for liabilities and charges | 13 | - | (133,150) |
| | | <u>3,672,183</u> | <u>(2,055,415)</u> |
| Net assets/(liabilities) | | <u>3,672,183</u> | <u>(2,055,415)</u> |
| Capital and reserves | | | |
| Called up share capital | 14 | 3,371,460 | 3,371,460 |
| Share premium | 15 | 40,619,812 | 32,294,574 |
| Revaluation reserve | 15 | 494,457 | 517,457 |
| Profit and loss account | 15 | (40,813,546) | (38,238,906) |
| Equity shareholders' funds/(deficit) | | <u>3,672,183</u> | <u>(2,055,415)</u> |

The notes on pages 7 to 17 form an integral part of the financial statements.

The financial statements were approved by the board of directors on 29 January 2001 and signed on its behalf by:

G G Sax



Director

Notes to the financial statements for the year ended 31 December 1999

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the historical cost convention. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Consolidated accounts

The company is exempt from the requirement to prepare group financial statements in accordance with section 228 of Companies Act 1985 on the basis that it was a wholly owned subsidiary of Viasystems Group Limited as at 31 December 1999 which publishes consolidated financial statements.

Cash flow statement

Under Financial Reporting Standard No.1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking and the intermediate parent undertaking publishes consolidated financial statements which include a consolidated cash flow statement.

Related party transactions

Under Financial Reporting Standard No. 8, the company is exempt from the requirements to separately disclose transactions with other group undertakings on the grounds that it is a wholly owned subsidiary undertaking.

Investments

Investments in subsidiary undertakings are stated at cost less provisions for permanent diminution in value.

Tangible fixed assets

The cost of fixed assets is the purchase cost, together with any incidental costs of acquisition.

Depreciation

Depreciation is provided so as to write off the cost or valuation, including commissioning costs, of tangible fixed assets to their estimated residual value on a straight line basis, at the following annual rates:

| | |
|---|------|
| Freehold buildings | 2.5% |
| Plant and machinery | 15% |
| Fixtures, fittings, tools and equipment | 20% |
| Motor vehicles | 25% |

Freehold land is not depreciated.

Notes to the financial statements (continued)**1 Principal accounting policies (continued)****Deferred taxation**

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise or assets be realised in the foreseeable future.

Hire purchase and leased assets

Assets held under hire purchase or finance lease contracts are capitalised and included in tangible fixed assets at their fair value. Each asset is depreciated over the shorter of the contract term or its estimated useful life. Obligations relating to such contracts, net of finance charges in respect of future periods, are included as appropriate under creditors. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of return on the outstanding balance. Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the life of the lease.

Pensions

The company participates in a defined contribution pension scheme. The company's contributions to the defined contribution scheme are charged against profits on an accruals basis in the period to which they relate. The funds of the scheme are administered by trustees and are independent of the company's finances.

Foreign exchange

Transactions denominated in foreign currencies are translated at the rate of exchange ruling on the day the transaction occurs or the contracted rate if the transaction is covered by a forward exchange contract.

Foreign currency monetary assets and liabilities in the balance sheet are translated into sterling at the rates of exchange ruling at the end of the period or, if appropriate, at the forward contract rate. Any resulting exchange gains or losses are taken to the profit and loss account.

Notes to the financial statements (continued)

2 Employees

The average number of persons employed by the company (including executive directors) during the period, analysed by category, was as follows:

| | Year ended 31 December 1999 | Year ended 31 December 1998 |
|----------------|-----------------------------------|-----------------------------------|
| | Number | Number |
| Administration | <u>10</u> | <u>12</u> |

The aggregate payroll costs of these persons were as follows:

| | Year ended 31 December 1999 £ | Year ended 31 December 1998 £ |
|-----------------------|--|--|
| Wages and salaries | 1,239,199 | 1,775,208 |
| Social security costs | 28,677 | 36,879 |
| Other pension costs | 11,564 | 45,110 |
| | <u>1,279,440</u> | <u>1,857,197</u> |

3 Interest receivable and similar income

| | Year ended 31 December 1999 £ | Year ended 31 December 1998 £ |
|--|--|--|
| Interest receivable on loans to group undertakings | 3,174,000 | 2,645,000 |
| Other interest receivable | 682 | 52,570 |
| Foreign exchange gain on group loan | - | 229,325 |
| Net interest receivable | <u>3,174,682</u> | <u>2,926,895</u> |

4 Interest payable and similar charges

| | Year ended 31 December 1999 £ | Year ended 31 December 1998 £ |
|---|--|--|
| Bank loans and overdrafts | 9,786 | 364 |
| Interest on late paid tax | - | 5,745 |
| Interest payable on long term loans from group undertakings | 2,696,889 | 2,014,429 |
| Foreign exchange loss on group loan | 1,360,443 | - |
| | <u>4,067,118</u> | <u>2,020,538</u> |

Notes to the financial statements (continued)

5 Directors' emoluments

Aggregate directors' emoluments are shown below:

| | Year ended 31 December 1999 £ | Year ended 31 December 1998 £ |
|--|--|--|
| Aggregate emoluments | - | 166,485 |
| Company pension contributions to money purchase scheme | - | 21,754 |

The emoluments of the highest paid director during the period were as follows:

| | Year ended 31 December 1999 £ | Year ended 31 December 1998 £ |
|--|--|--|
| Emoluments | - | 108,452 |
| Company pension contributions to money purchase scheme | - | 14,054 |

There were no directors accruing benefits under the money purchase scheme at the year end (31 December 1998: none).

6 Tax on loss on ordinary activities

| | Year ended 31 December 1999 £ | Year ended 31 December 1998 £ |
|--|--|--|
| The credit/(charge) for taxation all arises in the UK and comprises: | | |
| Current year | | |
| Corporation tax at 30.25% (1998: 31%) | 640,339 | (54,948) |
| Deferred taxation | 102,518 | 108,252 |
| Prior year adjustment for (under)/over provision | | |
| Corporation tax at 31% | (208,677) | (20,931) |
| Deferred taxation | 30,632 | (5,182) |
| | <u>564,812</u> | <u>27,191</u> |

The tax credit differs from the statutory rate due to prior year under-provisions for corporation tax and also due to the write off of inter-company balances, which does not qualify for taxation relief.

Notes to the financial statements (continued)

7 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting):

| | Year ended 31 December 1999 £ | Year ended 31 December 1998 £ |
|---|--|--|
| Property rental income | (87,098) | (342,336) |
| Auditors' remuneration | 5,000 | 5,000 |
| Auditors' remuneration for other services | 4,000 | 4,090 |
| Depreciation | 257,922 | 238,182 |
| Profit on disposal of fixed assets | (1,952) | (341,018) |

Notes to the financial statements (continued)

8 Tangible fixed assets

| | Freehold land and buildings | Plant and machinery | Fixtures, fittings, tools and equipment | Motor vehicles | Total | |
|-------------------------------|--------------------------------|---------------------------|--|-------------------|---------------|------------------|
| | At valuation £ | At cost £ | £ | £ | £ | |
| Cost or valuation | | | | | | |
| As at 1 January 1999 | 1,400,000 | 2,800,806 | 69,530 | 377,702 | 260,683 | 4,908,721 |
| Additions | - | - | - | 325,000 | 40,000 | 365,000 |
| Disposals | - | - | - | - | (204,483) | (204,483) |
| As at 31 December 1999 | 1,400,000 | 2,800,806 | 69,530 | 702,702 | 96,200 | 5,069,238 |
| Depreciation | | | | | | |
| As at 1 January 1999 | 289,784 | 219,237 | 69,138 | 223,610 | 126,169 | 927,938 |
| Charged in year | 35,000 | 70,020 | 105 | 105,981 | 46,816 | 257,922 |
| Disposals | - | - | - | - | (130,881) | (130,881) |
| As at 31 December 1999 | 324,784 | 289,257 | 69,243 | 329,591 | 42,104 | 1,054,979 |
| Net book value | | | | | | |
| As at 31 December 1999 | 1,075,216 | 2,511,549 | 287 | 373,111 | 54,096 | 4,014,259 |
| As at 1 January 1999 | 1,110,216 | 2,581,569 | 392 | 154,092 | 134,514 | 3,980,783 |

- (a) On 25 January 1990 the freehold property owned at Tamworth was valued at open market value on the basis of existing use at £1,400,000. The historical cost of tangible fixed assets included at a valuation at the end of the year was £874,000 (December 1998: £874,000). Accumulated historical cost depreciation was £293,000 (December 1998: £281,000).
- (b) The net book value of the tangible fixed assets includes £1,229,000 of freehold land which is not depreciated.

Notes to the financial statements (continued)

9 Investments

Shares in subsidiary undertakings

| | £ |
|-------------------------------|-------------------|
| Cost | |
| As at 31 December 1998 | 41,202,006 |
| Additions | 8,325,238 |
| | <hr/> |
| As at 31 December 1999 | 49,527,244 |
| | <hr/> |
| Provisions | |
| As at 31 December 1998 | 39,035,861 |
| Additions | - |
| | <hr/> |
| As at 31 December 1999 | 39,035,861 |
| | <hr/> |
| Net book value | |
| As at 31 December 1999 | 10,491,383 |
| | <hr/> |
| Net book value | |
| As at 31 December 1998 | 2,166,145 |
| | <hr/> |

The addition to investments represents an increase in the company's investment in Viasystems Selkirk Limited. This increase enabled Viasystems Selkirk Limited to increase its investment in Viasystems International Limited which in turn allowed that company to increase its investment in Viasystems BV. Viasystems BV then acquired at cost Viasystems AB and Mommers Print Service NV from Viasystems Group Limited.

The group reorganisation referred to in page 1 of the Directors' report resulted in the disposal by the company in March 2000 of investments with a carrying value of £2,166,145 for a consideration of \$32,000,000.

Notes to the financial statements (continued)

9 Investments (continued)

At 31 December 1999 the company had the following significant wholly owned subsidiaries:

| Company | Country of Incorporation | Class of share | Principal activity |
|--------------------------------|--------------------------|--|---|
| Held by the company | | | |
| Viasystems Tamworth Limited | Great Britain | £1 Ordinary | Manufacture of printed circuit boards |
| Viasystems Selkirk Limited | Great Britain | £1 Ordinary | Manufacture of printed circuit boards until cessation of operations in 1999 |
| Viasystems Technograph Limited | Great Britain | £1 Ordinary | Manufacture of ceramic based microcircuits |
| Viasystems Manchester Limited | Great Britain | £1 Ordinary £1 Preferred Ordinary £1 Cumulative redeemable preference | Ceased operations in 1998 |
| Held by subsidiaries | | | |
| Viasystems Srl | Italy | L1000 Ordinary | Manufacture of printed circuit boards |
| Viasystems Blackburn Limited | Great Britain | 5p Ordinary 5p A Ordinary £1 Cumulative redeemable preference | Manufacture of printed circuit boards |
| Print Service Holding N. V | The Netherlands | NLG 1 Ordinary NLG 1 Preference | Intermediate holding company |
| Viasystems Sweden A. B | Sweden | SEK 100 Ordinary | Manufacture of printed circuit boards |

The company also has a number of wholly owned dormant subsidiary undertakings.

Notes to the financial statements (continued)

10 Debtors

| | 31 December 1999 £ | 31 December 1998 £ |
|---|--------------------------|--------------------------|
| Amounts owed by subsidiary undertakings | 36,430,164 | 36,362,341 |
| Group relief receivable | 1,387,969 | 1,073,908 |
| Other debtors | 22,255 | - |
| Prepayments and accrued income | 39,634 | 1,079 |
| | <u>37,880,022</u> | <u>37,437,328</u> |

11 Creditors: amounts falling due within one year

| | 31 December 1999 £ | 31 December 1998 £ |
|---|--------------------------|--------------------------|
| Bank overdrafts | - | 564,512 |
| Trade creditors | 973,907 | - |
| Amounts owed to parent and fellow subsidiary undertakings | 41,979,497 | 39,048,644 |
| Corporation tax | - | 117,602 |
| Other taxes and social security | 437,041 | 308,121 |
| Accruals and deferred income | 60,000 | 67,642 |
| | <u>43,450,445</u> | <u>40,106,521</u> |

12 Creditors: amounts falling due after more than one year

| | 31 December 1999 £ | 31 December 1998 £ |
|------------------------------------|--------------------------|--------------------------|
| Amounts owed to Group undertakings | <u>5,400,000</u> | <u>5,400,000</u> |

Notes to the financial statements (continued)

13 Provisions for liabilities and charges

| | Deferred Taxation |
|-------------------------------------|----------------------|
| | £ |
| At beginning of period | 133,150 |
| Released to profit and loss account | (133,150) |
| | <u> </u> |
| As at 31 December 1999 | <u> </u> |

Full provision has been made for deferred taxation calculated on the liability method at a rate of 30% (1998: 30%). The provision comprises:

| | 31 December 1999 £ | 31 December 1998 £ |
|--------------------------------|--------------------------|--------------------------|
| Accelerated capital allowances | 141,428 | 191,411 |
| Short term timing differences | 8,057 | (58,261) |
| Losses | (149,485) | - |
| | <u> </u> | <u> </u> |
| | - | 133,150 |
| | <u> </u> | <u> </u> |

14 Called up share capital

| | 31 December 1999 £ | 31 December 1998 £ |
|--|--------------------------|--------------------------|
| Authorised | | |
| 72,900,000 ordinary shares of 5p each | 3,645,000 | 3,645,000 |
| | <u> </u> | <u> </u> |
| Allotted, called up and fully paid | | |
| 67,429,201 (31 December 1998: 67,429,200) ordinary shares of 5p each | 3,371,460 | 3,371,460 |
| | <u> </u> | <u> </u> |

On 1 February 1999 the company issued a further 5p ordinary share for a consideration of £8,325,238, resulting in a share premium of £8,325,238 (see note 15).

Notes to the financial statements (continued)

15 Reserves

| | Share premium account £ | Revaluation reserve £ | Profit and loss account £ | Total £ |
|-------------------------------------|----------------------------------|-----------------------------|------------------------------------|----------------|
| At 31 December 1998 | 32,294,574 | 517,457 | (38,238,906) | (5,426,875) |
| Premium on issue of shares | 8,325,238 | - | - | 8,325,238 |
| Transfer to profit and loss account | - | (23,000) | 23,000 | - |
| Loss for the financial period | - | - | (2,597,640) | (2,597,640) |
| At 31 December 1999 | 40,619,812 | 494,457 | (40,813,546) | 300,723 |

16 Contingent liabilities

The company was party to a credit agreement (the 'Credit Agreement') dated 5 June 1997 (as amended on 29 August 1997, 3 February 1998 and 30 July 1999) with certain other group companies.

The borrowings under the Credit Agreement were secured by first charges and liens over substantially all the assets of the Viasystems Group companies that were party to the Credit Agreement and had been guaranteed by the company. The total outstanding indebtedness under the Credit Agreement at 31 December 1999 was \$530,853,000.

17 Ultimate parent undertaking

At 31 December 1999 Viasystems Holdings Limited was a wholly owned subsidiary undertaking of Viasystems Group Limited, a company registered in England and Wales, for which consolidated accounts are prepared.

Viasystems Group Limited is a wholly owned subsidiary of Viasystems Group, Inc., the ultimate parent company, a company incorporated and registered in the United States of America.

A group reorganisation carried out during March 2000 resulted in a change to the ultimate parent company, which became European PCB Group (Cayman Islands) Limited, a company incorporated and registered in the Cayman Islands.

Copies of the consolidated financial statements of Viasystems Group Limited can be obtained from: The Secretary, Viasystems Group Limited, Hammersmith International Centre, 3 Shortlands, London, W6 8DA.