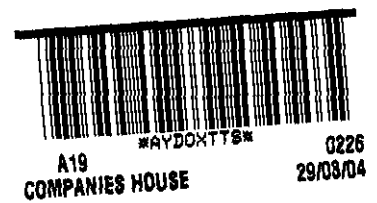


Registered Number 2701593

Viasystems EMS - UK Limited
Annual report and financial statements
for the year ended 31 December 2003



Viasystems EMS - UK Limited

Annual report and financial statements for the year ended 31 December 2003

Contents

Directors and Advisers for the year ended 31 December 2003	1
Directors' report for the year ended 31 December 2003	2-3
Independent auditors' report to the members of Viasystems EMS - UK Limited.....	4
Profit and loss account for the year ended 31 December 2003.....	5
Balance sheet as at 31 December 2003	6
Notes to the financial statements for the year ended 31 December 2003	7-17

Viasystems EMS - UK Limited

Directors and Advisers for the year ended 31 December 2003

Directors

D J Webster

G G Sax

Secretary

G G Sax

Registered Office

Weil Gotshal & Manges

One South Place

London

EC2M 2WG

Auditors

PricewaterhouseCoopers LLP

Donington Court

Pegasus Business Park

Castle Donington

East Midlands

DE74 2UZ

Solicitors

Weil Gotshal & Manges

One South Place

London

EC2M 2WG

Bankers

Lloyds Bank

P O Box 17328

11-15 Monument Street

London

EC3V 9JA

Viasystems EMS - UK Limited

Directors' report for the year ended 31 December 2003

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

Principal activities

The company's principal activity during the year was the design, manufacture, marketing and distribution of base station cabinet enclosures for the telecommunications equipment industry.

Review of business and future developments

In response to continuing trading difficulties in 2003 the company took the decision to close the remaining operation in Coventry. These operations ceased in December 2003.

Results and dividends

The company's loss for the year after taxation is as set out on page 5. The directors do not recommend the payment of a final dividend (2002: £Nil).

Directors and their interests

The director who held office during the year is listed on page 1.

No director had any beneficial interests in the shares of the company or any other UK group company at 31 December 2003 and at 1 January 2003, as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985.

Details of the directors' interest in the shares of the company's parent undertaking are disclosed in that company's financial statements.

No director had, during or at the end of the year, a material interest in any contract which was significant in relation to the company's business.

Directors' and advisers' liability

Directors' and advisers' liability insurance has been purchased by the company during the year.

Viasystems EMS - UK Limited

Directors' report for the year ended 31 December 2003 (continued)

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through briefing groups and electronic communications.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003, that applicable accounting standards have been followed.

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.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board



D J Webster
Director
23 February 2004

Viasystems EMS - UK Limited

Independent Auditors' Report to the members of Viasystems EMS - UK Limited

We have audited the financial statements on pages 5 to 17.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom and Auditing Standards issued by the Auditing Practices Board. This report, including the opinion has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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. 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. The other information comprises only the directors' report.

Basis of audit 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.

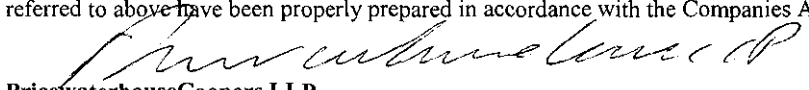
Basis of preparation

We draw your attention to note 1 on page 7, which explains that the directors expect to place the company into voluntary liquidation in the near future. Accordingly the going concern basis of accounting is no longer appropriate. Adjustments have been made in these financial statements to reduce assets to their realisable values and to provide for liabilities arising from the decision. Our opinion is not qualified in this respect.

Qualified opinion arising from disagreement on accounting treatment

The company has not adopted the disclosure provisions of FRS19 on deferred tax in these accounts and consequently the appropriate disclosures have not been made. It has not been possible for us to quantify the impact of this non-disclosure.

Except for the omission of disclosures required by FRS19, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2003 and of its loss for the year then ended and except for the matter referred to above have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
East Midlands
23 February 2004

Viasystems EMS - UK Limited

Profit and loss account for the year ended 31 December 2003

	Note	Discontinued Operations	Discontinued Operations
		2003	2002
		£'000	£'000
Turnover	2	8,924	20,807
Cost of sales		(8,562)	(20,021)
Gross profit		362	786
Distribution costs		-	(193)
Administrative expenses		(697)	(11,455)
Operating loss	5	(335)	(10,862)
Income from participating interests		-	212
Loss on ordinary activities before interest and taxation		(335)	(10,650)
Profit on disposal of discontinued operations	6	-	74
Profit on sale of fixed assets		1,336	-
Loss on termination of operations	7	(1,170)	-
Interest receivable and similar income		-	-
Interest payable and similar charges	8	(22)	(74)
Loss on ordinary activities before taxation		(191)	(10,650)
Tax on loss on ordinary activities	9	-	-
Loss for the financial year	17	(191)	(10,650)

All turnover and profit for the year is derived from discontinued operations.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

There are no recognised gains and losses other than those included above and so a separate statement of total recognised gains and losses has not been presented.

Viasystems EMS - UK Limited

Balance sheet as at 31 December 2003

	Note	2003 £'000	2003 £'000	2002 £'000	2002 £'000
Fixed assets					
Tangible assets	10	-		4,226	
			-		4,226
Current assets					
Stocks	11		-	967	
Debtors	12		447	1,727	
Cash at bank and in hand			408	1,246	
			855		3,940
Creditors - amounts falling due within one year	13		(3,611)		(9,624)
Net current liabilities			(2,756)		(5,684)
Total assets less current liabilities			(2,756)		(1,458)
Creditors - amounts falling due after one year	14		(21,648)		(21,880)
Provisions for liabilities and charges	15		-		(875)
Net liabilities			(24,404)		(24,213)
Capital and reserves					
Called up equity share capital	16, 17		1,192		1,192
Share premium account	17		8,875		8,875
Capital redemption reserve	17		583		583
Profit and loss account	17		(35,054)		(34,863)
Total equity shareholders' funds	18		(24,404)		(24,213)

The financial statements on pages 5 to 17 were approved by the board of directors on 23 February 2004 and were signed on its behalf by:


D J Webster
Director

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2003

1 Accounting policies

Except for the failure to comply with FRS 19 as explained on page 4, the financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

Basis of accounting

The financial statements are prepared under the historical cost convention.

At 31 December 2003 the company had ceased trading and it is the intention of the director that, following the resolution of all outstanding commercial issues, an application will be made to have the company removed from the Register of companies. It is envisaged that this will occur within the next 12 months.

Fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight line basis over their estimated economic lives. The estimated economic lives used for this purpose are:

Freehold land and buildings	2.5% per annum
Short term lease improvements	Over the term of the lease
Plant and machinery	15% per annum
Motor vehicles	25% per annum
Fixtures and fittings	Between 10% and 20%

Investments

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

Goodwill and intangible assets

Goodwill arising on acquisitions is written off over a period of 15 years on the basis that this is the period of time over which the benefit of a transaction will accrue to the company.

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. Exchange gains and losses are recorded in the profit and loss account.

Investments denominated in foreign currencies are recorded at historic cost. Exchange gains and losses on translation are recorded in the statement of total recognised gains and losses.

Leases

Leasing agreements and hire purchase contracts which transfer to the company substantially all the benefits and risks of ownership of an asset ("finance leases") are treated as if the asset had been purchased outright. Assets held under such agreements are included in fixed assets and the capital element of commitments is shown as obligations under finance leases. Payments under such agreements are treated as consisting of capital and interest elements. The interest element is charged to the profit and loss account over the primary lease period in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

All other leases are treated as operating leases, the costs of which are charged on a straight line basis over the lease term.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and an appropriate proportion of production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow-moving and defective stocks. Net realisable value is based on estimated selling price less all further costs to completion and relevant marketing, selling and distribution costs.

Long-term contracts

Long term contract work in progress is stated at cost plus, where the outcome can be assessed with reasonable certainty, estimated profits attributable to the state of completion, less provision for any known or anticipated losses and progress payments received on account. Advance payments and deposits are included in creditors.

Pensions

The company operates a defined contribution pension scheme. The charge against profit is the amount of employer contributions payable to the pension scheme in respect of the accounting period.

Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. All sales are to third parties.

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

1 Accounting policies (continued)

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Government grants

Government grants are released to the profit and loss account when received, net of any amounts which may be repayable in the future.

2 Turnover

Turnover stated by destination:

	2003	2002
	£'000	£'000
United Kingdom	5,639	15,855
Europe	3,208	4,646
Elsewhere	77	306
Total	8,924	20,807

3 Directors' emoluments

	2003	2002
	£'000	£'000
Aggregate emoluments	-	-
Other emoluments	-	-
	-	-

	2003	2002
	Number	Number
Number of directors who were members of the Group money purchase pension scheme	-	-

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

4 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2003	2002
By activity	Number	Number
Production	89	304
Sales and distribution	8	21
Administration	20	30
	117	355

	2003	2002
Staff costs	£'000	£'000
Wages and salaries	3,431	7,722
Social security costs	104	597
Other pension costs	40	153
	3,575	8,472

Wages and salaries include redundancy costs charged in the period of £1.1m.

5 Operating loss

	2003	2002
Operating loss is stated after charging:	£'000	£'000
Depreciation of tangible fixed assets – owned assets	3,549	973
Operating lease charges	511	599
Loss on disposal of fixed assets	-	17
Auditors' remuneration:		
- audit services	25	48
- non-audit services	1	1

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

6 Profit on disposal of discontinued operations

	2003 £'000	2002 £'000
Loss on disposal of trading divisions' net assets	-	(3,121)
Gain on disposal of joint venture investment	-	3,195
Net profit on sale of businesses	-	74

7 Loss on termination of operations

Manufacturing at the only remaining site owned by the company ceased during the period, and costs of £1,170,000 were incurred as a result, relating mainly to redundancy costs and costs of site exit and asset disposal.

8 Interest payable and similar items

	2003 £'000	2002 £'000
Interest payable on bank loans, overdrafts and other loans:		
- repayable within five years, by instalments	22	74
Net interest payable	22	74

9 Tax on loss on ordinary activities

	2003 £'000	2002 £'000
UK corporation tax at 30% based on the loss for the year		
Current	-	-
Under/(over) provision in respect of prior years	-	-
	-	-

There is a potential deferred tax asset arising from losses carried forward. This has not been recognised in these accounts on the basis of uncertainty over its recoverability.

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

10 Tangible fixed assets

	Fixtures and fittings £'000	Plant and machinery £'000	Motor vehicles £'000	Leasehold alterations £'000	Total £'000
Cost or valuation					
At 1 January 2003	2,274	7,918	355	923	11,470
Additions	-	-	-	-	-
Disposals/Deletions	(2,274)	(7,918)	(355)	(923)	(11,470)
At 31 December 2003	-	-	-	-	-
Accumulated					
At 1 January 2003	2,041	4,106	341	756	7,244
Charge for the year	233	3,135	14	167	3,549
Disposals/Deletions	(2,274)	(7,241)	(355)	(923)	(10,793)
At 31 December 2003	-	-	-	-	-
Net book amount					
At 31 December 2003	-	-	-	-	-
At 31 December 2002	233	3,812	14	167	4,226

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

11 Stocks

	2003	2002
The Group and the Company	£'000	£'000
Raw materials and consumables	-	414
Work in progress	-	155
Finished goods and goods for resale	-	398
	-	967

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

12 Debtors

	2003	2002
The Company	£'000	£'000
Trade debtors	424	1,453
Amounts owed by group undertakings	-	168
Prepayments and accrued income	23	67
Other debtors	-	39
	447	1,727

13 Creditors – Amounts falling due within one year

	2003	2002
	£'000	£'000
Trade creditors	534	2,863
Amounts owed to group undertakings	2,310	3,435
Accruals and deferred income	700	225
Other creditors	-	2,980
Taxation and social security	67	121
	3,611	9,624

Accruals and deferred income includes £500,000 in respect of a judgement, and related legal costs, obtained against the company by Electronic-Apparatus a Belgian company in respect of the breach of agreement to purchase minimum volumes of materials. This judgement has been appealed.

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

14 Creditors – Amounts falling due after one year

	2003	2002
	£'000	£'000
Amounts owed to group undertakings	21,648	21,880

These loans are the subject of Forbearance agreements under which the lender agrees not recall the loans for a period of two years from 15 April 2003. These loans are unsecured and non-interest bearing.

15 Provisions for liabilities and charges

	Warranty provision	Environmental provision	Deferred tax provision	Total
	£'000	£'000	£'000	£'000
At 1 January 2003	403	472	-	875
Charged/(credited) to the profit and loss	(403)	(472)	-	(875)
Utilised during the year	-	-	-	-
31 December 2003	-	-	-	-

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

16 Called up share capital

	2003 £'000	2002 £'000
Authorised		
36,000,000 ordinary shares of 5p each	1,800	1,800
Allotted, called up and fully paid		
23,843,704 ordinary shares of 5p each	1,192	1,192

17 Reserves

	Total £'000	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 January 2003	(24,213)	1,192	8,875	583	(34,863)
Loss for the year	(191)	-	-	-	(191)
At 31 December 2003	(24,404)	1,192	8,875	583	(35,054)

18 Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
Loss for the year	(191)	(10,650)
Net change in shareholders' funds	(191)	(10,650)
Opening equity shareholders' funds	(24,213)	(13,563)
Closing equity shareholders' funds	(24,404)	(24,213)

19 Financial commitments

	2003 £'000	2002 £'000
Capital expenditure contracted for at the year end	-	-

Viasystems EMS - UK Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

20 Operating lease commitments

	2003		2002	
	£'000		£'000	
	Land and Building	Other	Land and Building	Other
Leases which expire:				
- within one year	113	-	-	-
- within two to five years	-	-	431	-
	113	-	431	-

The company has invoked a break clause in the lease of its Coventry site. This lease will now terminate in April 2004.

21 Pension commitments

The total pension cost for the company amounted to £40,000 (2002 : £153,000) and there were no outstanding contributions at 31 December 2003.

22 Ultimate parent undertaking

The ultimate parent undertaking and controlling party of this company is Viasystems Group Inc., which is based in the United States.

Group accounts for Viasystems Group Inc., are available from 101 South Hanley Road, Suite 400, St Louis, MO 63105, United States of America.

23 Related party disclosure

The company is a wholly owned subsidiary of Viasystems Group Limited. The company has therefore taken advantage of the exemption conferred by Financial Reporting Standard 8 in not disclosing any transactions with other group companies.