

COMPANY ACCOUNTS

Notes to the Company
financial statements

1 Tangible fixed assets

	Freehold land and buildings £million	Plant, equipment and vehicles £million	Total £million
Cost at 31 December 2009 and 1 January 2009	2.9	0.7	3.6
Depreciation at 1 January 2009	0.7	0.6	1.3
Charge for the year	–	–	–
Depreciation at 31 December 2009	0.7	0.6	1.3
Net book amounts			
At 31 December 2009	2.2	0.1	2.3
At 31 December 2008	2.2	0.1	2.3

Freehold land and buildings includes a carrying value for freehold land of £0.6 million (2008: £0.6 million).

No depreciation is provided on freehold land. Depreciation is provided on other assets at the following rates:

Freehold buildings	2%
Plant, equipment and vehicles	10% to 33%

2 Fixed asset investments

	Subsidiary undertakings £million
At 1 January 2009	132.3
Provision	–
At 31 December 2009	132.3

The Company's principal operating subsidiary undertakings and the location of their principal operations are shown in note 14.

The Company owns 100% of the ordinary share capital or equivalent and 100% of voting rights of all subsidiary undertakings other than Thuthuka Conductors and Insulations (Pty) Ltd which is 74% owned, Padmini TT Electronics Private Limited which is 51% owned and Rodco Limited, which is non-trading and is 60% owned. Shareholdings are held indirectly for all principal operating subsidiary undertakings.

3 Debtors

	2009 £million	2008 £million
Amounts falling due within one year		
Trade debtors	0.1	0.1
Amounts owed by subsidiary undertakings	115.1	116.7
Prepayments and accrued income	0.5	0.6
Corporation tax	3.3	4.6
	119.0	122.0

4 Creditors

	2009 £million	2008 £million
Amounts falling due within one year		
Short-term borrowings (note 5)	0.2	14.4
Trade creditors	0.6	0.8
Financial derivatives	0.5	–
Amounts owed to subsidiary undertakings	3.1	2.3
Taxation and social security	0.4	0.5
Accruals and deferred income	2.9	2.6
	7.7	20.6
Amounts falling due after more than one year		
Bank loans (note 5)	70.0	70.0

5 Borrowings and financial derivatives

The Company's principal borrowing is under a committed unsecured multi-currency loan facility which expires in April 2011. Under this facility funds can be drawn in either sterling, US dollars or euros or a combination thereof at fixed rates of interest for periods varying from one month to one year. Interest rates are at a fixed margin over the appropriate inter-bank borrowing rate at the date the funds are drawn. In November 2007 the Company purchased an interest rate cap of 4.75% on \$50.0 million of borrowings for the period 4 February 2008 to 4 February 2010. The fair value of this cap at 31 December 2009 was £nil million (2008: £nil million).

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2009 £million	2008 £million
Sterling	70.2	–
US dollars	–	84.4
	70.2	84.4

The borrowings are repayable as follows:

	2009 £million	2008 £million
On demand or within one year	0.2	14.4
In the second year	70.0	–
In the third year	–	70.0
	70.2	84.4

The fair value of borrowings is the same as their carrying value. At 31 December 2009, the Company had committed undrawn borrowing facilities available of £nil million (2008: £nil million). There are other substantial committed and uncommitted borrowing facilities available to the Group.

Financial derivatives

	2009 £million	2008 £million
Current liabilities		
Interest rate swap	0.5	–

At 31 December 2009 the Group had an interest rate swap fixing the interest rate on \$50 million of borrowings to April 2011. The fair value was a liability of £0.5 million.

COMPANY ACCOUNTS

Notes to the Company
financial statements (continued)

6 Share capital

	2009 £million	2008 £million
Authorised		
226,000,000 (2008: 226,000,000) Ordinary shares of 25p each	56.5	56.5
Issued called up and fully paid		
154,952,795 (2008: 154,952,795) Ordinary shares of 25p each	38.7	38.7

Ordinary shares of 25p each are equity share capital.

Share option schemes

At 31 December 2009 options were exercisable over 2,618,043 (2008: 4,145,419) Ordinary shares under the Group share option schemes up to 2015. Subscription prices range from 80.0p to 205.5p with a weighted average of 135.3p. Subsequent to 31 December 2009 no options have been exercised. Following the approval of the Long Term Incentive Plan 2005 at the Extraordinary General Meeting held on 20 October 2006, all existing share option schemes were closed for future grants.

1994 Executive scheme

This scheme for senior executives was approved at the Annual General Meeting on 24 May 1994. The options outstanding at the date of this report are over 655,432 Ordinary shares and such options are:

	Exercisable on or after	Options	Subscription price (p)
	28.03.2003	122,556	91.5
	18.04.2004	122,395	163.0
	03.04.2005	171,981	165.0
	26.03.2006	248,500	80.0

1996 Executive scheme

This scheme for senior executives was approved at the Annual General Meeting on 14 May 1996. The options outstanding at the date of this report are over 1,154,355 Ordinary shares and such options are:

	Exercisable on or after	Options	Subscription price (p)
	28.03.2003	106,338	91.5
	18.04.2004	69,240	163.0
	23.05.2004	248,192	166.0
	03.04.2005	189,605	165.0
	26.03.2006	540,930	80.0

Options issued under the 1994 and 1996 Executive Share Option Schemes may not generally be exercised for a period of three years from the date of grant and are conditional on there being an increase in earnings per share over any consecutive three year period between the date of grant and the date of exercise of 2% per annum for options granted prior to 2001 and 4% for options granted after 2000 above the increase in the All Items Index of Retail Prices over the same period. For this purpose earnings per share on any relevant date is that derived from the audited financial statements of the Company and its subsidiaries last published prior to such date.

2004 Approved Plan

This scheme for senior executives was approved at the Annual General Meeting on 19 May 2004. The options outstanding at the date of this report are over 202,413 Ordinary shares and such options are:

	Exercisable on or after	Options	Subscription price (p)
	25.05.2007	113,884	145.0
	07.04.2008	88,529	205.5

6 Share capital (continued)

2004 Unapproved Plan

This scheme for senior executives was approved at the Annual General Meeting on 19 May 2004. The options outstanding at the date of this report are over 605,843 Ordinary shares and such options are:

	Exercisable on or after	Options	Subscription price (p)
	25.05.2007	333,535	145.0
	17.04.2008	272,308	205.5

Options issued under the 2004 Approved and Unapproved Company Share Option Plans may not generally be exercised for a period of three years from the date of grant and are conditional on there being growth in the Group's earnings per share exceeding the Retail Price Index by an average of 4% per annum over a period of three consecutive years prior to exercise. Any year in which earnings per share is negative cannot be included. For this purpose the earnings per share on any relevant date is that derived from the audited financial statements of the Company and its subsidiaries last published prior to such date.

Long Term Incentive Plan 2005

This scheme for senior executives was approved at the Extraordinary General Meeting held on 20 October 2006. On 5 May 2009 and 27 October 2009 grants of awards were made under the Long Term Incentive Plan 2005 for the issue of up to 3,799,835 and 202,667 shares in 2012.

The awards outstanding at the date of this report are over 5,458,293 Ordinary shares and such awards potentially vest on the following dates:

	Normal vesting date	Shares
	16.01.2010	301,283
	31.05.2010	358,066
	24.04.2011	535,512
	28.08.2011	556,097
	05.05.2012	3,504,668
	27.10.2012	202,667

The award is a contingent right to receive shares in the future, subject to continued employment and the achievement of predetermined performance criteria.

The performance targets attached to awards granted in 2007 and 2008 are that the Group's earnings per share, measured over a three year period, must grow by at least 3% compound per annum in excess of the Retail Price Index. At this level only 25% of an award will vest. For an award to vest in full, the Group's earnings per share measured over the same period must have grown by at least 7% compound per annum in excess of the Retail Price Index. For earnings per share between these thresholds, the number of shares vesting will be calculated on a proportional basis. Any part of an award that does not vest after three years where the performance criterion is not reached will lapse.

The performance targets attached to awards granted in 2009 require the achievement of earnings per share ('EPS') and total shareholder return ('TSR') targets as follows:

- The performance target attached to 50% of an award is based on three year EPS targets: 25% of the shares subject to this part of the award will vest for EPS growth of 3% compound per annum in excess of Retail Price Index ("RPI"), increasing on a straight-line basis to 100% vesting for EPS growth of at least 7% compound per annum in excess of RPI; and
- The performance target attached to the other 50% of an award is based on TSR performance targets against companies within the FTSE SmallCap (excluding investment trusts) index; 25% of shares subject to this part of the award will vest at median performance increasing on a straight-line basis to 100% vesting at the upper quartile of the comparator group. As well as the TSR targets, the Remuneration Committee will consider the Company's underlying financial performance to ensure that vesting percentages under this part of an award are appropriate.

7 Share-based payments

Details of the share options issued and Long Term Incentive Plan are given in note 6. The bases of calculation of the share-based payments are given in the consolidated financial statements, note 14.

COMPANY ACCOUNTS

Notes to the Company
financial statements (continued)

8 Reserves

	Share premium £million	Profit and loss account £million
At 1 January 2009	0.2	127.1
Share-based payment	–	(0.2)
Profit for the year	–	10.2
At 31 December 2009	0.2	137.1

In accordance with the exemption allowed by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account.

9 Guarantees and financial commitments

Financial commitments relating to bank loans are set out in note 5. The Company has guaranteed bank borrowings of a subsidiary up to £10 million. The amount outstanding at 31 December 2009 was £5.0 million.

10 Obligations under operating leases

The operating lease payments due within one year to which the Company was committed at 31 December 2009 were:

	Land and buildings £million	Other £million	2009 Total £million	Land and buildings £million	Other £million	2008 Total £million
On leases expiring:						
Within one year	0.1	–	0.1	0.3	–	0.3
Between two and five years	0.4	0.1	0.5	0.5	0.1	0.6
	0.5	0.1	0.6	0.8	0.1	0.9

11 Pension schemes

Defined benefit scheme:

The Company is a member of a multi-employer defined benefit scheme which is closed to new entrants. The Company is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly the Company has applied 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 2009 were £2.2 million (2008: £2.5 million). The most recent triennial 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 2009. The market value of the scheme's assets at the year end was £299.5 million and the present value of the scheme's liabilities was £339.7 million.

Further details and an analysis of the Group's pension schemes are given in note 27 to the consolidated financial statements.

Defined contribution scheme:

The Company operates a group personal pension plan for employees and pays contributions to administered pension insurance plans. The Company has no further payment obligation once the contributions have been paid. Payments to the defined contribution scheme are charged as an expense as they fall due. The total contributions charged by the Company in respect of the year ended 31 December 2009 were £151,000 (2008: £84,000).

12 Employees

The average number of employees (including Directors) during the year was:

	2009 number	2008 number
By function		
Administration	41	46

The aggregate emoluments (including those of Directors) for the year were:

	2009 £million	2008 £million
Wages and salaries	4.3	4.4
Employer's social security charges	0.5	0.6
Employer's pension contributions	2.3	2.5
	7.1	7.5

Remuneration in respect of the Directors was as follows:

	2009 £million	2008 £million
Emoluments	1.1	1.7

Further details of individual Directors' remuneration, pension benefits and share options are shown in the Directors' remuneration report on pages 42 to 46.

13 Related party transactions

Related party transactions of the Company are reported in note 28 to the consolidated financial statements.

14 Principal operating subsidiaries

The principal operating subsidiaries are:

Components

International Resistive Company, Inc, USA
 BI Technologies, USA, UK, Mexico, Malaysia
 Optek Technology, USA, Mexico
 Semelab Limited
 AB Mikroelektronik GmbH, Austria
 Welwyn Components Limited
 AB Connectors Limited
 AB Interconnect, Inc, USA
 New Chapel Electronics Limited

Sensors

AB Elektronik GmbH, Germany
 AB Elektronik Sachsen GmbH, Germany
 AB Electronic Limited
 Padmini TT electronics Private Limited, India (51% owned)

Integrated Manufacturing Services

TT electronics integrated manufacturing services Limited
 TT electronics integrated manufacturing systems Limited
 TT electronics integrated manufacturing services (Suzhou) Co Ltd, China
 TT electronics integrated manufacturing services, Inc, USA
 BI Technologies, Malaysia

Secure Power

Ottomotores SA de CV, Mexico
 Dale Power Solutions plc

COMPANY ACCOUNTS

Notes to the Company financial statements (continued)

14 Principal operating subsidiaries (continued)***General Industrial***

AEI Compounds Limited

WT Henley Limited

ABtest Limited

BAS Components Limited

MMG Magdev Limited

Wire Systems Technology (Pty) Ltd, South Africa

MMG India (Private) Limited, India

Companies are located and incorporated in the UK except where indicated.