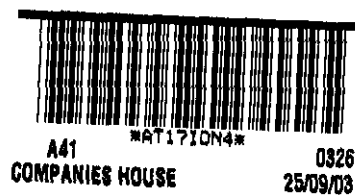


Tamura Hinchley Limited
Annual report
for the year ended 31 December 2002

Registered no: 463530



Tamura Hinchley Limited

Annual report

for the year ended 31 December 2002

Contents

Directors and advisors.....	1
Directors' report.....	2-3
Independent auditor's report.....	4
Consolidated profit and loss account.....	5
Statement of total recognised gains and losses.....	5
Balance sheets.....	6
Consolidated cash flow statement.....	7
Notes to the financial statements.....	8-23

Directors and advisors

Executive directors

P J Cleary
S Fukuda

Non-executive directors

M Hayashi
T Yokoyama (resigned 22/11/02)
A Totemotsu (resigned 22/11/02)
M Hidaka

Secretary and registered office

A M Khan
Hopton Park Industrial Estate
London Road
Devizes
Wiltshire
SN10 2EY

Auditors

PricewaterhouseCoopers LLP
31 Great George Street
Bristol
BS1 5QD

Solicitors

Morris Goddard & Ward
28 St John's Street
Devizes
Wiltshire

Clifford Chance
200 Aldergate St
London
EC1A 4JJ

Principal bankers

Bank of Tokyo
12 - 15 Finsbury Circus
London
EC2M 7BT

Report of the directors for the year ended 31 December 2002

The directors present their report and the audited financial statements for the year ended 31 December 2002.

Principal activities

The consolidated profit and loss account for the year is set out on page 5.

The principal activity of the group is the manufacture and sale of transformers and power. The group has a wholly owned subsidiary in Sweden and information offices in France and Germany.

Review of business and future developments

The level of business during the year was reduced, mainly due to a drop in orders from the Telecoms sector. The directors are in the process of restructuring the company to take account of the current business situation and have transferred the majority of its production from the UK to the Czech Republic.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend in respect of the year. (2001: £nil). The retained loss for the year of £3,712,139 (2001: £3,033,012) has been taken to reserves.

Directors

The directors of the company during the year to 31 December 2002 were:

P J Cleary
M Hayashi
A Totemotsu (resigned 22/11/02)
T Yokoyama (resigned 22/11/02)
M Hidaka
S Fukuda

Directors' interests in shares of the company

The directors of the company had no interest in the shares of the company at any time during the year ended 31 December 2002.

Changes in fixed assets

The movements in fixed assets during the year are set out in notes 9 to 11 to the financial statements.

Employee involvement

During 2002, the company continued the established pattern of communication and consultation with employees and their representatives. At appropriate times, the directors of the company hold joint meetings with managers, supervisors, and staff to review the overall state of the business.

Disabled persons

It is the company's policy that disabled persons (whether registered or not) shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and group as at the end of the financial year and of the profit or loss of the group for that period.

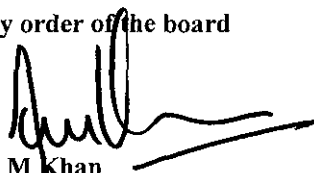
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2002. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a limited liability partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 3 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board



A M Khan
Company Secretary
22 July 2003

Independent auditor's report to the members of Tamura Hinchley Limited

We have audited the financial statements which, comprise the consolidated profit and loss account, the statement of total recognized gains and losses, the balance sheets, the consolidated cash flow statement and the related notes.

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 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 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 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.

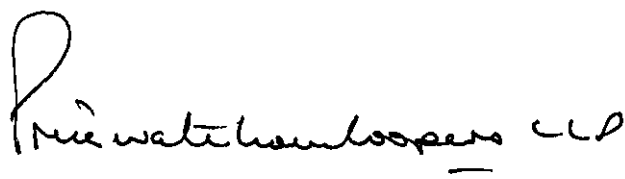
Basis of audit opinion

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and group at 31 December 2002 and of the loss and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Bristol
22 July 2003

**Consolidated profit and loss account
for the year ended 31 December 2002**

	Notes	2002 £'000	2001 £'000
Turnover - continuing operations	2	16,385	26,274
Cost of sales - continuing operations		(17,662)	(26,819)
Gross loss		(1,277)	(545)
Net operating expenses - continuing operations	3	(2,588)	(2,993)
Operating loss - continuing operations	4	(3,865)	(3,538)
Interest payable and similar charges	7	(197)	(69)
Loss on ordinary activities before taxation		(4,062)	(3,607)
Taxation	8	350	574
Loss on ordinary activities after taxation and retained loss for the financial year	23	(3,712)	(3,033)

Statement of total recognised gains and losses

	2002 £'000	2001 £'000
Loss for the financial year	(3,712)	(3,033)
Currency translation differences on foreign currency net investments	3	(34)
Total gains and losses recognised since last annual report	(3,709)	(3,067)

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

Balance sheets at 31 December 2002

	Notes	Group		Company	
		2002	2001	2002	2001
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9	-	-	-	-
Tangible assets	10	3,073	3,902	3,061	3,455
Investments	11	-	-	49	49
		3,073	3,902	3,110	3,504
Current assets					
Stocks	12	3,622	4,864	3,603	4,440
Debtors	13	3,936	6,654	4,038	6,530
Cash at bank and in hand		1,275	47	1,147	47
		8,833	11,565	8,788	11,017
Creditors: amounts falling due within one year	14	(11,212)	(11,064)	(10,107)	(10,105)
Net current (liabilities) / assets		(2,379)	501	(1,319)	912
Total assets less current liabilities		694	4,403	1,791	4,416
Net assets		694	4,403	1,791	4,416
Capital and reserves					
Called up share capital	17	7,094	7,094	7,094	7,094
Profit and loss account	18	(6,400)	(2,691)	(5,303)	(2,678)
Equity shareholders' funds	23	694	4,403	1,791	4,416

The financial statements on pages 5 to 23 were approved by the board of directors on 22 July 2003 and were signed on its behalf by:

P J Cleary
Director



**Consolidated cash flow statement
for the year ended 31 December 2002**

	Notes	2002 £'000	2001 £'000
Net cash outflow from operating activities	20	(1,891)	(1,707)
Returns on investments and servicing of finance			
Interest paid		(238)	(141)
Interest received		44	72
Net cash outflow from returns on investments and servicing of finance		(194)	(69)
Taxation			
UK corporation tax refund / (paid)		559	(365)
		559	(365)
Capital expenditure			
Purchase of tangible fixed assets		(303)	(211)
Proceeds of disposals of fixed assets		375	2
		72	(209)
Equity Dividends			
Equity dividends paid		-	(568)
		-	(568)
Net cash outflow before management of liquid resources and financing		(1,454)	(2,918)
Financing			
Movement in net debt	21	3,698	(541)
Net cash inflow / (outflow) from financing	21	3,698	(541)
Increase / (Decrease) in cash in the year	21	2,224	(3,459)

Notes to the financial statements for the year ended 31 December 2002

1 Principal accounting policies

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

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertaking made up to 31 December 2002. Intragroup sales and profits are eliminated fully on consolidation.

Foreign currencies

Assets, liabilities and the results of subsidiaries in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Differences on exchange arising from the retranslation of the opening net investment in subsidiary companies are taken to reserves and are reported in the statement of total recognised gains and losses. All other foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied.

Tangible fixed assets

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

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

Other plant (including furniture and fittings)	10% - 20%
Computers	20% - 33%
Tooling	10%
Freehold Buildings	4%

Freehold land is not depreciated.

Goodwill

Goodwill arising on the acquisition of the trade of a Swedish company is being written off over its estimated useful economic life of 5 years.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes material, direct labour and all overheads appropriate to the relevant stage of production. Net realisable value represents the estimated amount at which stocks and work in progress will be realised after taking into account all relevant marketing, selling and distribution costs.

Deferred taxation

Provision is made for deferred taxation on all material timing differences. Deferred tax assets are recognised where their recovery is considered more likely than not. Deferred tax assets and liabilities have not been discounted.

Pension contributions

The company operates a defined benefit pension scheme which is contracted out of the state scheme. Pension costs are accounted for on the basis of charging in each accounting period the regular cost, ie. the consistent ongoing cost of providing pensions over the period during which the company benefits from the employees' services, adjusted for any variations in cost arising from the experience of the scheme. The effects of variations from the regular cost are spread over the expected remaining working lifetime of members of the scheme.

Adoption of new accounting standards

The Accounting Standards Board has recommended deferral of the final implementation of FRS 17 "Post retirement benefits", which deals with accounting for post retirement benefits beyond its original effective date of June 2003, pending detailed comparison with the compliance with International Accounting Standard, IAS 19. However, additional disclosures are required for the current year, see note 16.

Provision for deferred taxation is made on all material timing differences. Previously provision was made for deferred taxation on all material timing differences to the extent that it was probable that a liability or asset would crystallise. The accounting policy has been changed in order to comply with Financial Reporting Standard No. 19, 'Deferred Tax'.

2 Turnover

The geographical analysis of turnover is as follows:

	2002	2001
	£'000	£'000
United Kingdom	5,289	5,822
EEC	10,779	15,085
USA	15	831
Rest of the world	302	4,536
	16,385	26,274

3 Net operating expenses

Operating expenses are made up as follows:

	2002	2001
	£'000	£'000
Distribution and selling costs	1,310	1,522
Administration expenses	1,278	1,471
	2,588	2,993

4 Operating (Loss)

Operating (Loss) is stated after charging the following:

	2002	2001
	£'000	£'000
Amortisation of Intangible Fixed Assets	-	91
Depreciation charge for the year		
Tangible fixed assets		
- owned	754	1,090
- under hire purchase agreements	-	-
Auditors' remuneration for:		
- Audit (company £29,500; 2001 : £25,000)	32	29
- Other services to the group	30	20
Operating lease rentals		
- Land and buildings	144	156
- Plant and machinery	106	133
Loss on disposal of fixed assets	3	19

5 Directors' emoluments

The remuneration paid to the directors of Tamura Hinchley Limited was as follows:

	2002	2001
	£	£
Aggregate emoluments	85,991	164,626
Amounts paid to Defined Benefit Pension Scheme	5,550	5,010

Retirement benefits are accruing to one director (2001 : one) under the group's defined benefit scheme.

Emoluments payable to the highest paid director:

	2002	2001
	£	£
Emoluments	72,682	79,812

6 Employee information

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

	2002	2001
	Number	Number
Production	105	183
Distribution and selling	24	28
Administration	24	34
	153	245

	2002	2001
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	2,884	4,541
Social security costs	366	544
Other pension costs	190	515
	3,440	5,600

7 Interest payable and similar charges

	2002	2001
	£'000	£'000
Net interest:		
Interest payable on hire purchase agreements	-	-
Interest payable on bank loans and overdrafts	241	141
Bank interest receivable	(44)	(72)
Other interest receivable	-	-
	197	69

8 Taxation

a) Analysis of charge in the year

	2002	2001
	£'000	£'000
current tax:		
UK corporation tax on profits of the year	-	(559)
adjustment in respect of prior years	-	(15)
total current tax credit	-	(574)
deferred tax:-		
current year	(350)	-
total deferred tax credit	(350)	-
tax credit on profit on ordinary activities	(350)	(574)

b) Factors affecting tax charge for year

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2002	2001
	£	£
loss on ordinary activities before taxation	(4,062)	(3,607)
	2002	2001
	£	£
Tax charge on profit on ordinary activities at standard UK corporation tax rate of 30%	(1,218)	(1,082)
Effects of:		
expenses not deductible for tax purposes	5	39
accelerated capital allowances / other timing differences	(61)	207
utilisation of losses	411	-
UK losses not recognised	529	178
overseas losses not recognised	334	99
adjustments to tax charge in respect of prior years	-	(15)
current tax credit for the year	-	(574)

9 Intangible fixed assets

Group and company	Goodwill
	£'000
Cost	
At 1 January 2002	899
Disposal	(899)
At 31 December 2002	-
Amortisation	
At 1 January 2002	899
Disposal	(899)
At 31 December 2002	-
Net book value	
At 31 December 2002	-
Net book value	
At 31 December 2001	-

10 Tangible fixed assets

Group	Freehold land and buildings £'000	Plant and machinery £'000	Furniture, fixtures, tools and equipment £'000	Total £'000
Cost				
At 1 January 2002	2,178	8,731	2,930	13,839
Additions	-	232	71	303
Disposals	-	(2,477)	(1,029)	(3,506)
At 31 December 2002	2,178	6,486	1,972	10,636
Depreciation				
At 1 January 2002	479	7,481	1,977	9,937
Charge for year	114	326	314	754
Disposals	-	(2,269)	(859)	(3,128)
At 31 December 2002	593	5,538	1,432	7,563
Net book value				
At 31 December 2002	1,585	948	540	3,073
Net book value				
At 31 December 2001	1,699	1,250	953	3,902

11 Tangible fixed assets (continued)

Company	Freehold land and buildings £'000	Plant and machinery £'000	Furniture, fixtures, tools and equipment £'000	Total £'000
Cost				
At 1 January 2002	2,178	7,458	2,195	11,831
Additions	-	232	6	238
Disposals	-	(1,386)	(550)	(1,936)
At 31 December 2002	2,178	6,304	1,651	10,133
Depreciation				
At 1 January 2002	479	6,451	1,446	8,376
Charge for year	114	287	200	601
Disposals	-	(1,360)	(545)	(1,905)
At 31 December 2002	593	5,378	1,101	7,072
Net book value				
At 31 December 2002	1,585	926	550	3,061
At 31 December 2001	1,699	1,007	749	3,455

12 Fixed asset investments

Interests in group undertakings

The financial statements include the results and financial position of Tamura Sweden AB, a wholly owned company incorporated in Sweden. The principal activity of the company is the manufacture and sale of ferrites and transformers.

The cost and net book value of the investment in the subsidiary in the company's accounts at 31 December 2002 is £48,580 (2001 : £48,580).

13 Stocks

	Group		Company	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Raw materials and consumables	1,479	2,923	1,479	2,676
Work in progress	358	312	358	209
Finished goods and goods for resale	1,785	1,629	1,766	1,555
	3,622	4,864	3,603	4,440

14 Debtors

	Group		Company	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	1,647	4,297	1,353	4,272
Amounts due by group undertakings	1,097	1,156	1,554	1,175
Other debtors	1,042	1,056	1,041	1,036
Prepayments and accrued income	150	145	90	47
	3,936	6,654	4,038	6,530

Included within other debtors is £350k (2001: nil) in respect of deferred taxation assets, see note 15.

15 Creditors: amounts falling due within one year

	Group		Company	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	5,639	2,957	4,926	2,213
Amounts due to group undertakings	3,170	5,031	3,269	5,029
Trade creditors	900	732	830	719
Proposed dividends	-	-	-	-
Corporation Tax	-	-	-	-
Other taxation and social security	109	129	62	81
Accruals and deferred income	1,394	2,215	1,020	2,063
	11,212	11,064	10,107	10,105

The bank loans and overdrafts are unsecured.

16 Creditors: amounts falling due within one year (continued)

Bank loans and overdrafts

	Group		Company	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Repayable as follows:				
In one year or less	5,639	2,957	4,926	2,213
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
	5,639	2,957	4,926	2,213

17 Deferred taxation

Analysis of deferred tax asset

	2002	2001
	£	£
Tax effect of timing differences because of:		
Short term timing differences	5	-
Accelerated capital allowances	(66)	-
Losses	411	-
	350	-

The movement in the deferred tax asset is as follows:

	2002	2001
	£	£
At 1 January 2002	-	-
Credit to profit and loss account	350	-
At 31 December 2002	350	-

Provision is made for deferred taxation on all material timing differences. Deferred tax assets are recognised where their recovery is considered more likely than not, as at 31 December 2002 there is £708k of unprovided deferred taxation asset in the UK (2001: £178k).

18 Pensions

The company's principal pension arrangements are provided through the Tamura Hinchley Pension scheme, which is a defined benefit scheme to which eligible employees contribute, and whose assets are held in separate trustee administered funds. The contributions are determined by a professionally qualified independent actuary on the basis of triennial valuations using the projected unit method. The last actuarial assessment of the Scheme was on 1 January 2001.

19 Pensions (continued)

The total pension cost for the company was £306,605 (2001 : £420,062). The most recent actuarial valuation showed that the market value of the scheme's assets was £3,930,537 and that the actuarial value of those assets represented 98.8% of the benefits that had accrued to members after allowing for expected future increases in earnings. The assumptions that have the most significant effect on the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 7.0% per annum and that salary growth would be 4.75% and that present and future pensions would increase at the rate of 3% per annum. The contribution of the company and employees are 7.7% and 5% of pensionable earnings respectively.

FRS 17 Disclosure

The disclosures below are provided in accordance with the transitional requirements of FRS 17.

The company participates in a defined benefit plan: the Tamura Hinchley Limited Pension Scheme.

The last full independent actuarial valuation of each Plan was undertaken as at 1 January 2001. The results of the valuations have been updated to reflect current conditions at 31 December 2002 in accordance with FRS 17.

Tamura Hinchley Limited's contributions to the Plan for the year ended 31 December 2002 totalled £88,205.

In accordance with the agreed Schedule of Contributions, Tamura Hinchley Limited is now required to contribute to the scheme at the rate of 7.7% of Pensionable Salaries a year until March 2007 plus:

£18,200 each month from January 2002 to March 2003 inclusive and

£12,800 each month from April 2003 to March 2007 inclusive.

This is subject to review at the formal actuarial valuations due as at 1 January 2004.

Tamura Hinchley Limited employees paid a total of £57,124, including £325 of AVCs into the Plan over the year. They are required to contribute at the rate of 5% of Pensionable Salaries.

The valuation used for FRS 17 disclosures has been based on the membership of the Scheme as at 1 January 2001, rolled forward on an approximate basis to take account of subsequent membership movements to the end of 2002. The principal assumptions used by the actuary for this purpose are set out below:

	2002	2001
Rate of increase in pensionable salaries	2.25%	3.5%
Rate of increase in pensions in payment	2.25%	2.7%
Discount rate	5.8%	6.0%
Inflation assumption	2.25%	2.7%

The assets in the Scheme and the expected rates of return (net of administrative expenses) were:

	2002		2001	
	Return	£'000	Return	£'000
Equities	7.00%	2,269	7.00%	2,793
Bonds	4.00%	414	4.50%	353
Other	7.00%	183	7.00%	386
	6.25%	2,866	6.75%	3,532
Total market value of assets		2,866		3,532
Actuarial value of liability		4,922		4,848
Deficit in the scheme		(2,056)		(1,316)
Related deferred tax asset		617		395
Net pension liability		(1,439)		(921)

20 Pensions (continued)

If the above amounts had been recognised in the financial statements, the group's net assets and profit and loss reserve at 31 December 2002 and 31 December 2001 would be as follows:-

	2002 £'000	2001 £'000
Net assets as presented	694	4,403
FRS 17 retirement benefit net liability	(1,439)	(921)
Net liabilities including FRS 17 retirement benefits net liability	(745)	3,482
Profit and loss reserve as presented	(6,400)	(2,691)
FRS 17 retirement benefit net liability	(1,439)	(921)
Profit and loss reserve including FRS 17 retirement benefit liability	(7,839)	(3,612)

The following amounts would have been recognised in the performance statements in the year to 31 December 2002 under the requirements of FRS 17.

	2002 £'000
Analysis of the amount charged to operating profit	
Current service cost	131
Total operating charge	131
Analysis of amount credited to other finance income	
Expected return on pension scheme assets	245
Interest on pension scheme liabilities	(297)
Net (expense)	(52)
Analysis of amount recognised on statement of total recognised gains and losses (STRGL)	
Actual return less expected return on pension scheme assets	(1,029)
Experience losses arising on the scheme liabilities	(112)
Changes in assumptions underlying the present value of the scheme liabilities	220
Actuarial (loss) recognised in STRGL	(921)
Movement in deficit during the year	
Deficit in scheme at beginning of the year	(1,316)
Movement in year:	
Current service cost	(131)
Contributions	364
Other finance expense	(52)
Actuarial loss	(921)
Deficit in scheme at end of the year	(2,056)

21 Pensions (continued)

History of experience gains and losses	2002
Difference between the expected and actual return on scheme assets:	
Amount (£'000)	(1,029)
Percentage of scheme assets	-35.9%
Experience gains and losses on scheme liabilities:	
Amount (£'000)	(112)
Percentage of scheme assets	-2.3%
Total amount recognised in statement of total recognised gains and losses:	
Amount (£'000)	(921)
Percentage of scheme assets	-18.7%

22 Called-up share capital

	2002	2001
	£'000	£'000
Authorised		
10,000,000 ordinary shares of £1 each	10,000	10,000
Allotted, called up and fully paid		
7,093,750 ordinary shares of £1 each	7,094	7,094

All shares have equal voting rights, equal priority on winding up and equal rights to dividends.

23 Profit and loss account

	Group	Company
	£'000	£'000
At 1 January 2002	(2,691)	(2,678)
Exchange differences	3	-
Retained (loss) for the year	(3,712)	(2,625)
At 31 December 2002	(6,400)	(5,303)

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements and its loss for its financial year amounted to £2,625,000 (2001 : £3,363,195).

24 Financial commitments

At 31 December 2002 the group and company had annual commitments under non-cancellable operating leases as follows:

Group	2002		2001	
	Land and Buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	81	76	131	98
Expiring between two and five years inclusive	-	70	159	86
	81	146	290	184

Company	2002		2001	
	Land and Buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry within one year	16	65	16	76
Expiring between two and five years inclusive	-	65	-	78
	16	130	16	154

25 Reconciliation of operating loss to net cash outflow from operating activities

	2002 £'000	2001 £'000
Operating (loss)	(3,865)	(3,538)
Depreciation on tangible fixed assets	754	1,090
Goodwill amortised	-	91
Loss on disposal of fixed assets	3	18
Decrease / (Increase) in stocks	1,242	(1,493)
Decrease in debtors	2,509	4,493
(Decrease) in creditors	(2,534)	(2,368)
Net cash outflow from operating activities	(1,891)	(1,707)

26 Reconciliation of net cash flow to movement in net debt

	2002		2001	
	£'000	£'000	£'000	£'000
Increase / (Decrease) in cash in the year	2,244		(3,459)	
Cash (inflow) / outflow from (increase) / decrease in debt and lease financing	(3,698)		541	
Change in net debt resulting from cash flows		(1,454)		(2,918)
Other non-cash items:				
New finance leases		-		-
Movement in net debt in the year		(1,454)		(2,918)
Net debt at 1 January 2002		(2,910)		8
Net debt at 31 December 2002		(4,364)		(2,910)

27 Analysis of net debt

	At 1 January 2002	Cash Flow	At 31 December 2002
	£'000	£'000	£'000
Cash in hand, at bank	47	1,228	1,275
Bank overdraft	(1,016)	1,016	-
	(969)	2,244	1,275
Debt due within 1 year	(1,941)	(3,698)	(5,639)
	(1,941)	(3,698)	(5,639)
Total	(2,910)	(1,454)	(4,364)

28 Reconciliation of movements in shareholders' funds

	Group		Company	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
(Loss) for the financial year	(3,712)	(3,033)	(2,625)	(3,363)
Dividends paid and proposed	-	-	-	-
Exchange difference	3	(34)	-	-
Opening shareholders' funds	4,403	7,470	4,416	7,779
Closing shareholders' funds	694	4,403	1,791	4,416

29 Related party transactions

The company has taken advantage of the exemptions available to it in paragraph 17 of Financial Reporting Standard 8 'Related party disclosures', not to disclose any transactions or balances with entities that are part of the Group or investees of the Group qualifying as related parties.

30 Ultimate parent company

The directors regard Tamura Corporation, a company incorporated in Japan, as the ultimate parent company. According to the register kept by the company, Tamura Corporation had a 100% interest in the equity capital of Tamura Hinchley Limited at 31 December 2002.

Copies of the parent's consolidated financial statements may be obtained from the secretary.

**Profit and loss account
for the year ended 31 December 2002**

	2002	2001
	£'000	£'000
Turnover	16,089	25,949
Cost of sales	(16,736)	(26,133)
Gross profit	(647)	(184)
Net operating expenses	(2,173)	(2,805)
Operating (loss)	(2,820)	(2,989)
Interest payable and similar charge	(155)	(27)
(Loss) on ordinary activities before taxation	(2,975)	(3,016)
Write-down for impairment of Investment	-	(921)
(Loss) before tax	(2,975)	(3,937)
Taxation	350	574
(Loss) on ordinary activities after taxation	(2,625)	(3,363)
Dividends	-	-
Retained (loss) for the year	(2,625)	(3,363)

This page does not form part of the audited financial statements.