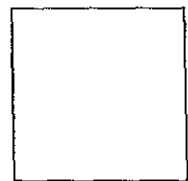


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TT Group PLC Annual report

for the year ended 31 December 2000



excellence in technology



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Excellence in Technology

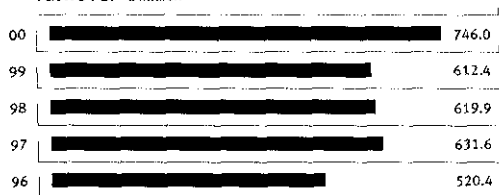
TT Group has focused its strategy over the last decade to become a global manufacturer of quality products for the automotive, telecommunication, computer and industrial markets.

TT Group has invested in the development of technologically advanced products to supply customers' requirements and will continue to emphasise the importance of supplying electronic products for the next generation of technology.

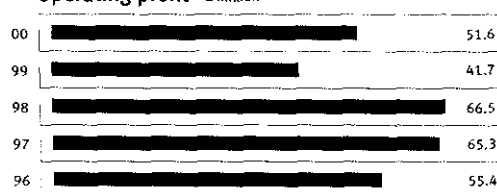
Group financial highlights	2000	1999
Turnover (£ million)	746.0	612.4
Profit on ordinary activities before tax and amortisation of goodwill (£ million)	42.7	38.1
Earnings per share before goodwill amortisation and exceptional items (pence)	21.0	16.2
Ordinary dividends per share (pence)	10.05	9.79
Shareholders' funds (£ million)	244.5	238.5

Financial data

Turnover £ million



Operating profit* £ million

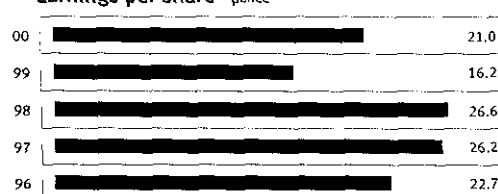


*before goodwill amortisation and exceptional items

Shareholders' funds £ million

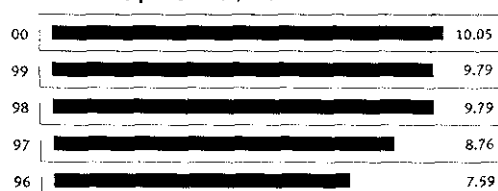


Earnings per share* pence

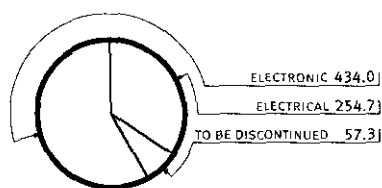


*before goodwill amortisation and exceptional items

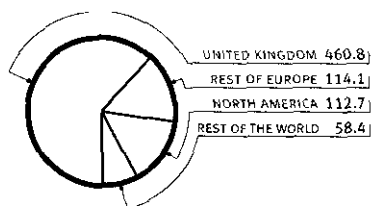
Dividends per share pence



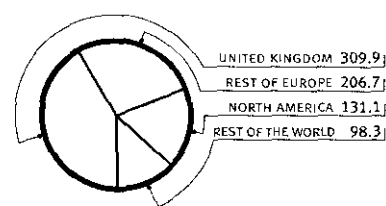
Turnover by sector £ million



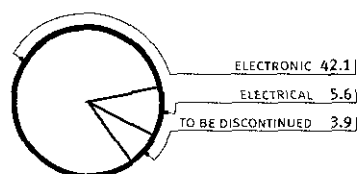
Turnover by origin £ million



Turnover by destination £ million

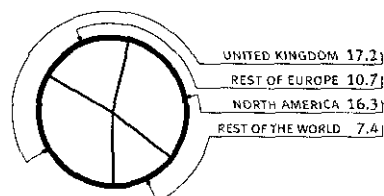


Operating profit by sector* £ million



*before goodwill amortisation and exceptional items

Operating profit by origin* £ million



*before goodwill amortisation and exceptional items

Markets : Electronic

PRODUCTS	AUTOMOTIVE	TELECOMS	INDUSTRIAL
Electronic components			
Resistors and resistor networks	■	■	■
Resistor capacitor diode networks	■	■	■
Blower motor resistors	■		
Ignitor chip resistors	■		
Hybrids	■		
Potentiometers and trimmers	■	■	■
Switches	■	■	■
Printed circuit boards	■	■	■
Electronic manufacturing services			
	■	■	■
Sensors and electronic systems			
Climate control systems	■		
Body control systems	■		
Accelerator pedal units	■		
Throttle position assemblies	■		
Engine sensors	■		
Suspension sensors	■		
Mass airflow sensors	■		
Brake position and ABS sensors	■		
Steering sensors	■		
Magnetics			
Inductors, transformers and chokes	■	■	■
Ferrites and laminations	■	■	■
Magnets	■	■	■

Markets : Electrical

PRODUCTS	AUTOMOTIVE	TELECOMS	INDUSTRIAL
Power technology			
Power and data transmission cables	■	■	■
Power transmission accessories	■	■	■
Power generation		■	■
Uninterruptible power supplies		■	■
Industrial			
Fasteners and connectors	■	■	■

Chairman's statement : John Newman

The success of TT Group this year is the result of the efforts made to expand the business by placing more emphasis on the development of technologically advanced electronic products.



TT Group has had a successful year with growth in turnover and a recovery in profits. Turnover of £746.0 million compares with £612.4 million in 1999, an increase of 22 per cent. Profits before taxation and amortisation of goodwill and exceptional items have increased from £37.7 million to £44.2 million, a growth of 17 per cent. Earnings per share before amortisation of goodwill and exceptional items were 21.0p compared with 16.2p in the previous year, an improvement of 30 per cent. Basic and fully diluted earnings per share were 18.7p (1999 – 16.4p). The taxation charge for the year was 27 per cent (1999 – 27.9 per cent). The charge for amortisation of goodwill of £2.0 million is in respect of the purchase of Prestwick Holdings plc in 1999 and BI Technologies in January 2000. The exceptional loss for the year of £1.5 million arises from the sale of Strainstall Engineering

Services, a stress analysis business, sold in September 2000 for a consideration of £0.8 million.

The success of TT Group this year, particularly in its electronic activities, has been the result of the efforts made last year to expand the business by placing more emphasis on the development of technologically advanced products for the Group's customers. The value of outstanding orders at the year end has increased by over 35 per cent. The electronic division turnover has increased by 43 per cent to £434.0 million and its operating profit before goodwill amortisation, by 64 per cent to £42.1 million, being 82 per cent of TT Group's total operating profit.

The acquisition of BI Technologies, a leading manufacturer of resistors, trimmers, inductors and sensors, in January 2000 has been a success. This acquisition has further strengthened the Group's electronic activities by providing an increased global presence, low cost manufacturing facilities, and has broadened the international original equipment manufacturing customer base. Included in the acquisition was an established Japanese sales office, which has provided the opportunity to sell a wider range of the Group's products into the Japanese market.

Group operating highlights

- The future of TT Group is in the expansion of its electronic component activities.
- Excellence in technology has increased the Group's ability to successfully provide customers with the new products they require in the electronics market.
- The successful year has produced increased turnover and profits.

In last year's Chairman's Statement, shareholders were informed of the decision made by the Board, following a comprehensive review, to dispose of non-core businesses. Negotiations, which were at a very advanced stage, for the sale of the glass container businesses failed in late November. The Board has therefore decided to recommend to shareholders the demerger of the glass container businesses, Beatson Clark, Pont Packaging, Pont Emballage, Lewis & Towers, together with the architectural ironmongery business, James Gibbons Format. The intention to demerge was announced on 20 March 2001. It is envisaged that the completion date for the demerger will be prior to the end of the second quarter of this year. The Board considers this to be the most appropriate route to return value to shareholders and to enable TT Group to concentrate on electronic and electrical activities, which have contributed 92 per cent of this year's turnover and Group operating profit.

As part of the Group's disposal programme, the business of F. D. Sims Limited, a magnet wire manufacturer, was sold on 28 February 2001 for expected cash proceeds slightly in excess of £5.0 million.

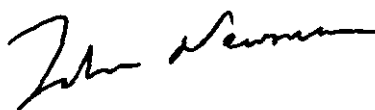
At 31 December 2000, TT Group had total net indebtedness of £97.2 million (1999 – £42.5 million). The increase in debt has been due to the TT Group buying in for cancellation, 11,568,664 of its own shares at an average cost of 107p, totalling £12.4 million, the acquisition of BI Technologies for £39.8 million and the financing of the Group's growth in turnover.

The Board recommends a final dividend of 6.36p (1999 – 6.10p) bringing the total dividend for the year to 10.05p compared with 9.79p last year, an increase of 3 per cent.

The Board would like to thank all of the Group's employees throughout the world for their endeavours during the last year and is confident of their support in the current year.

To reflect the electronic emphasis of the Group, and to assist in the presentation of the full range of products to its customers, the Board has decided to recommend to shareholders at the Annual General Meeting that TT Group's name is changed to TT electronics plc.

TT Group now has an exciting platform for future growth and is being increasingly recognised by customers as an innovative and reliable supplier of electronic components. Strategically, the Group plans to augment aggressive organic development of new products, with selective international acquisitions, which will both be complementary with the global aspirations and provide new opportunities for existing businesses and product lines. As a result TT Group looks forward to continued growth.



John W Newman
Executive Chairman
23 March 2001

-
- Significant increases in order books were achieved due to the Group's reputation for service, quality and the development of new products.
 - The successful acquisition of BI Technologies in January 2000 has provided a stronger base for supplying a wider range of products to original equipment manufacturers.
 - The Group has continued its policy of investing in modern machinery to reduce the cost of manufacturing.

TT Group global electronics operations

The Group's electronic operations are global and supply the world's major original equipment manufacturers with their growing requirement for electronics and have the advantage of volume sales into the markets on which they are focused. The Group is expanding its sales and distribution activities to cover the Japanese market.

- 12 electronic operations in the United Kingdom.
- 20 electronic operations in the rest of the world.

more than

30%

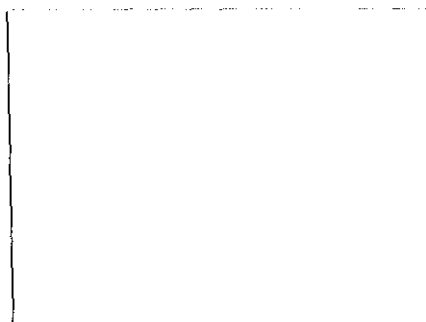
of all PCs made in the
world incorporate a
component manufactured
by TT Group

Driving the world's computers

The Group has developed and manufactures a number of electronic components that are built into desktop PCs and laptops. They include products for current sensing to provide circuit protection, filters, terminators for signal controls and signal noise management.

Innovative steering system design

TT Group's innovative sensor technology, steer-by-wire, is the first to be utilised in volume produced cars and establishes the Group as the leader in this field. Steer-by-wire is the use of electronics to drive electric motors to steer a car rather than heavier hydraulic systems, saving weight and improving fuel efficiency.



more than

50%

of all cars produced
in Europe and the USA
incorporate a component or
assembly manufactured
by TT Group

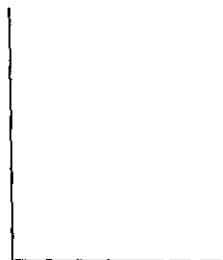
Enhancement in vehicle safety

The Group's latest patented *PATCHWORK* technology is utilised as the starter mechanism for Xenon high intensity discharge headlights, which give a brighter, safer light at night. Other sophisticated automotive electronic systems, such as air conditioning and ABS braking sensors, improve driver comfort and safety.



Developing fibre optic solutions

One of the fastest growing areas in the telecoms market is fibre optic data transmission. TT Group supplies this market with opto-electronic devices and continues to develop new solutions for the next generation of technology. The Group designs and supplies components for transmission base stations for mobile communication networks.



more than

20%

of the world's hard wired
voice and data transmission
lines are protected by a
component manufactured
by TT Group

Making personal communications easier

TT Group has developed and patented its *Quiet i* device – this miniaturised component saves weight and power enabling longer battery life in the latest range of mobile telephones.

Chief Executive's review : Sheridan Comonte

TT Group's focus on its electronic business, new product launches, worldwide demand for electronic components, together with the acquisition of BI Technologies, has been the platform for the greatly improved results for the year.

TT Group's strategy, announced last year, to focus more resources on electronic businesses has been the major platform for the greatly improved results for 2000. The announcement on 20 March 2001 of the intention to demerge the Group's glass container packaging business is a further major move towards the completion of this process.

The underlying improvement in profits of the Group's global electronic businesses has arisen from the successful ramp up to full production of a number of new products and has also been assisted by the strong worldwide demand for electronic components. The acquisition of BI Technologies, a manufacturer of electronic components, in January 2000, has further enlarged the product range and customer base in this market place.

The electrical sector continued to experience difficult trading conditions in both the cables and power generator set businesses.

However the cable accessories, specialist compounds and fine wire operations achieved good growth and the ground power unit business benefited from a strong order intake from the aerospace industry.

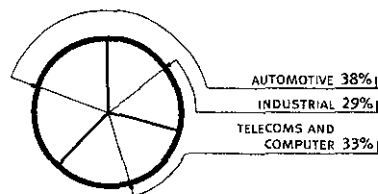
The Group's goal of sustained growth requires excellence in service and quality in close technical liaison with customers. New technologies and innovations reduce product cost and increase the added value of products. Management teams are committed to achieve these goals supported by monitoring and feedback systems at each operation to ensure objectives are met.

In order to maintain the ability to manufacture competitively priced products of the quality expected, the Group's policy for many years has been to invest in modern manufacturing equipment. The philosophies of 'Lean Manufacturing' are backed up by manufacturing systems which respond rapidly to changes in customer demand. Strong financial information ensures a detailed knowledge of product costing, thereby enabling product margins to be maximised by re-engineering or other methods of cost reduction.

The continuing volatility of the British pound has had an adverse effect on export margins. The Group is countering this disadvantage by ensuring that it is less reliant on United Kingdom profits by investing in overseas companies and has a programme

Electronic sector turnover by market

The Group's electronic businesses supply the world's major original equipment manufacturers' growing requirements in the automotive, telecoms, computer and industrial markets.



to reduce manufacturing costs by moving labour intensive products to the Group's lower cost manufacturing operations overseas.

Electronic The electronic sector of the Group, representing 58 per cent of turnover and 82 per cent of operating profit before amortisation of goodwill, has been carefully built up over the years by a combination of acquisitions and organic growth. Over the last two years the management of the electronic business has been successfully reorganised to ensure maximum penetration of the Group's main market places. The acquisition in January 2000 of BI Technologies, a leading USA based manufacturer of trimmers, potentiometers, surface mount resistors, hybrids and inductors, with manufacturing in USA, Mexico, Malaysia and Scotland, has significantly expanded the range of components offered to the market and has enhanced the Group's option of manufacturing locations. Synergies in administrative systems are already providing improved customer services with lower costs. During the year the established sales and distribution operation of BI Technologies in Japan succeeded in winning a number of new 'design-ins' for the Group's existing products which will generate growth in the future. Japan is a new market for the Group which will more easily be penetrated with the benefit of an established sales office.

One of the Group's printed circuit board manufacturing factories suffered a fire in July 2000. By rapidly installing additional capacity in another nearby factory historic production levels were regained by the year end. At all times a close liaison with customers was maintained to ensure minimum disruption to their production requirements.

The Group's electronic businesses supply the world's major original equipment manufacturers' growing requirement for electronic components, and service customers in the automotive, telecoms, computer and industrial markets.

Automotive Market This major growth market is increasing due to the requirement for electronic products being built into each new

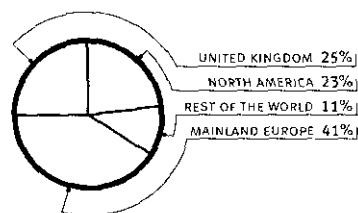
generation of vehicles to satisfy the continuing demands for cleaner, safer vehicles with greater functionality. It is estimated that 90 per cent of all future innovations in vehicles will be based on electronic systems and by the year 2010 it is estimated that electronic systems will account for 40 per cent of the total cost of a vehicle, compared with only 20 per cent today. TT Group has recognised the opportunities this generates and has developed a range of specialist products to satisfy this growing demand. The strategy of working closely with automotive customers continues to be successful in ensuring that an increasing number of the Group's products are incorporated into newly designed vehicles. This strategy has built a market position where over 50 per cent of vehicles produced in Europe and the USA contain at least one component or sub-assembly manufactured by the Group. The Group's range of electronic products for the automotive market includes sensors, resistive products, potentiometers, trimmers, hybrid circuits, printed circuit boards and climate control systems. A number of the Group's technologies are patented, ensuring that future revenues from newly developed products in key technologies are protected.

Legislation has required engineering development to produce more fuel efficient vehicles with cleaner emissions to reduce the world's greenhouse effect. TT Group is a leading manufacturer of products which are utilised to comply with this legislation. The products include exhaust emission gas recirculation sensors which minimise emission pollution, mass airflow sensors which monitor and optimise the combustion of fuel, and a wide range of sensors specially developed for the latest technologies of drive and steer by wire which increase systems responsiveness and reduce vehicle weight. All of these products are incorporated in major manufacturers' current production vehicles.

Vehicle safety products include a range of ABS braking sensors using inductive technology, patented thick film fire safe technology for fan speed control, a series of advanced thin film resistors specifically designed for the latest generation of intelligent airbag ignitors and height sensors used as part of a

Electronic sector turnover by destination

The global nature of the Group is emphasised by the fact that it has a strong market presence in mainland Europe and North America, as well as in the United Kingdom.



monitoring system for car stability and road holding. In addition, the Group's latest patented *PATCHWORK* technology is utilised as the starter mechanism for Xenon high intensity discharge headlights, which give a brighter, safer light at night.

Air heating and cooling, as well as more sophisticated air conditioning systems, are becoming standard equipment even on lower cost ranges of vehicles and the Group has established an excellent reputation for 'top end' systems which are manufactured both in the United Kingdom and the USA for major vehicle manufacturers.

In 2000 the Group was successful in winning several major contracts for these new technologies. These contracts will cover components and systems which have been designed into current vehicle platforms and will have an ongoing life of three to five years that will provide sales growth for the future.

Telecoms Market The sales growth of mobile telephones is well known and the investment in the infrastructure to support this market is projected to maintain a rapid growth rate over the next few years. The Group manufactures a wide range of electronic components, including resistive products, inductors, hybrids and custom electronic modules, it also provides an electronics manufacturing service. This market is predicted to continue to grow. The components provided by TT are incorporated into fibre optic cable booster stations, switching centres and servers, which not only support mobile telecommunications, but also the internet for both business and home use.

The Group's sales into this market grew by 47 per cent in 2000 on the back of very strong demand from major global telecom customers. Demand was satisfied by maximising the utilisation of our existing capacity, together with investment programmes for additional high technology production equipment to cope with the predicted ongoing growth.

TT Group has supplied the telecoms industry for many years with a range of fixed line protection devices for conventional switching, supplying over 20 per cent of world demand. Over the last few years, investment in product development and equipment has enabled the Group to be a major manufacturer satisfying the growth in demand for high speed broadband communications equipment which requires advanced packaging solutions involving opto-electronic technology.

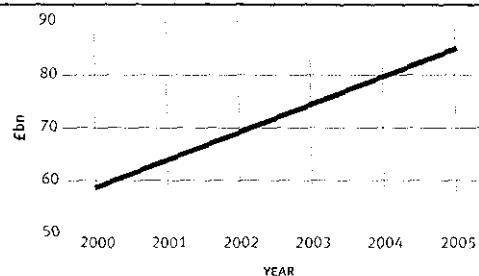
Desktop PCs and laptops interface with the internet and the Group continues to develop current sensing products for battery and power management, filters and transistors, as well as inductors for signal noise management. Unit sales of PCs and laptops are projected to grow by 10 per cent per annum and over 30 per cent of the 112 million PCs and laptops sold worldwide in 2000 incorporated at least one of the Group's components.

Telecoms is a rapidly evolving market with fast changing technologies. The Group continues to develop a wide range of products and services and is confident in its ability to maintain sales growth in this market.

Electrical The cables business continues to encounter competitive trading conditions in the home market due to a general oversupply, as well as lower priced imports from Europe and the Far East. Exports remain below historic levels, but there are signs of future improvement in the Far East. Sub-sea cable contracts are spasmodic and whilst a major sub-sea cable contract for Shell Nigeria was completed in the first half, the facility was under utilised in the latter part of the year. A number of sub-sea contracts have recently been won that will have a positive effect in the second half of 2001. Both the cables accessories business and the special cables compounds business continue to develop new products to meet customers' requirements and expand their sales and customer bases.

Growth in automotive electronic systems

This is a major growth market due to the increasing requirement for electronic products to satisfy the continuing demand for cleaner, safer vehicles with greater functionality.



Despite the reorganisation of the power generation businesses onto one site, they remained under-utilised due to lack of orders from historic export customers in the Far East, who are still unable to raise the necessary finance. As expected demand in the home market for standby generation for telecoms has been delayed due to customers' financial constraints. It is anticipated that these projects will proceed later this year. Profits were adversely affected by losses on a major project in France. The uninterruptible power supply business has also seen a temporary slowdown in the telecoms market place, prior to the expected roll out of the latest 3G base stations for which the Group has developed a range of rectifiers and converters that are able to interface with the internet for remote monitoring.

Packaging It is encouraging to report that glass containers supplied to the pharmaceutical, food and drinks manufacturers recorded their highest unit sales ever, but surplus capacity in Europe, and the weakness of the Euro, ensured fierce price competition and a weakening of margins, both in the home market and in the Group's distribution centres in mainland Europe. Continued efforts were made during the year to contain overheads and improve efficiency and unit costs. However the doubling of some energy prices in the last quarter offset much of the cost improvements made during the year.

Glass melting furnaces require replacing about every seven years. One of the Group's four furnaces was taken out of service in late December, rebuilt in an eight week period and is now successfully back into production.

Due to a technical reassessment, delays to the launch of a new range of end-of-line stretch wrap packaging machines adversely affected sales. This should be reversed after the launch of the re-engineered products in Spring 2001.

As stated earlier, the glass container businesses are being demerged in order that the Group can concentrate resources into the electronic and electrical businesses.

Outlook A careful watch is being kept on the current market but the longer term outlook for electronics in the Group's main automotive, telecoms and industrial market places remains positive, with considerable growth potential. Although there are indications that demand in the first half of 2001 has slackened this is only against the context of unusually high growth last year. The electrical business continues to meet challenging competition, and is in a good position to take advantage of any upturn in these markets. The focus on customer specific applications ensures a better visibility of future demand and 2001 starts with a strong order book.

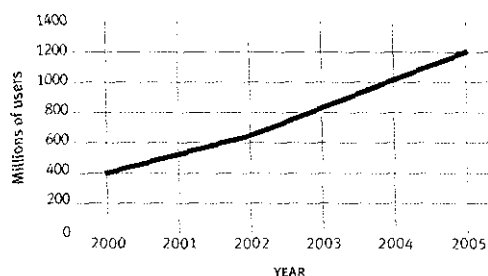
Sheridan W A Comonte

Chief Executive

23 March 2001

Growth in worldwide internet users

Continuing investment in the telecoms infrastructure is required to satisfy the fast growing demand from mobile phone and internet users.



The Group's total operating profit before amortisation of goodwill has increased to £51.6 million (1999 - £41.7 million) on turnover which has grown to £746.0 million (1999 - £612.4 million). This is primarily the result of organic growth in the electronic sector where turnover has risen by 20 per cent before the inclusion of BI Technologies and by 43 per cent to £434.0 million after the inclusion of this acquisition. The increased demand for electronic components has resulted in the easing of pressure on prices. Profit margins on sales in this sector, excluding BI Technologies, have improved to 10 per cent (1999 - 8 per cent). The other sectors have shown more modest growth in turnover which has averaged 1 per cent.

Market conditions for the electrical sector have not been easy. There was not a repeat order for a major sub-sea cable in the year 2000 and the general industrial cable business is still operating in a market suffering from price pressure from imports and over capacity within the United Kingdom. The power generation business has suffered from a loss making supply and installation contract in France.

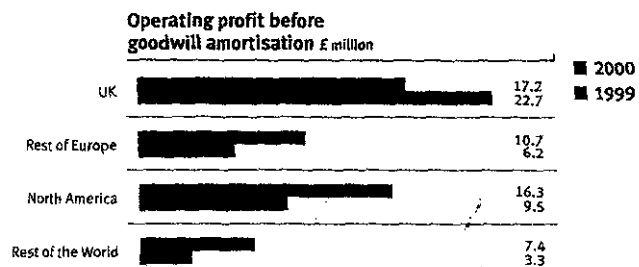
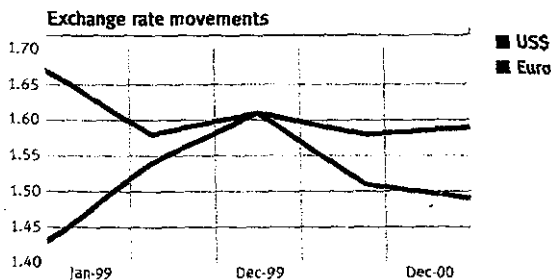
The packaging and other business sector has suffered margin erosion due to continuing, but not worsening, price competition from cheaper imported products available from lower cost euro-based suppliers. Margins have also deteriorated due to higher energy costs incurred in the United Kingdom. The refurbishment of one of the four glass making furnaces started in December and has been completed in line with expectations.

The Group has become increasingly international with 67 per cent of operating profit before goodwill amortisation, and 38 per cent of turnover, being generated outside the United Kingdom. Sales originating from the United Kingdom include the lower added value electronic manufacturing services companies and the majority of the electrical and packaging activities which achieve lower margins than the electronic component companies in Germany and USA.

BI Technologies was acquired in January 2000 and has been successfully integrated into the electronic sector. Operations in USA, Malaysia, Singapore, Mexico, Japan and Europe have benefited from the new opportunities which have arisen in this market. The operating margin of BI Technologies has risen from the 6 per cent reported before acquisition to 8 per cent for the year 2000 as a whole and 10 per cent in the second half of year 2000. The turnover of these companies has grown from £57.1 million prior to acquisition, to £71.3 million in year 2000.

The Group's operating profit includes a charge of £2.0 million (1999 - £0.1 million) in respect of the amortisation of goodwill. Goodwill arising on acquisition amounts to £39.3 million (1999 - £3.3 million) and is being amortised over its expected economic life of 20 years in accordance with FRS10.

The further weakening of the euro exchange rate with sterling has reduced the value of sales and profits, whereas the strengthening



US\$ exchange rate has increased these values on translation to sterling. The overall effect is not significant when compared with these results translated at the same exchange rate applied in 1999.

Cash Flow The Group generated £70.2 million cash from operations, an increase of £6.7 million over the £63.5 million generated in 1999. Working capital has been well controlled throughout the year with only a small change in the number of debtor or creditor days outstanding. Inventory levels of finished goods held by BI Technologies have been increased in order to provide improved customer service.

Dividends of £15.3 million (1999 – £16.3 million) were paid to shareholders. The cost of the dividend was lower than that for 1999 due to the buy back of 11 million shares for £12.4 million which reduced the number of shares in issue by 7 per cent.

The Group invested £43.0 million in additions to tangible fixed assets which included £2.9 million for the purchase of the freehold of the BI Technologies factory in California and £3.0 million for a further expansion of the electronic sensor factory in Germany.

The cash cost of the acquisition of BI Technologies totalled £39.8 million net of cash acquired and the Group ended the year with a gearing of 40 per cent and net borrowings totalling £97.2 million. The borrowing requirement is fulfilled mainly with unsecured overdraft facilities and an unsecured loan of £20 million repayable in equal instalments in 2002 and 2003. The acquisition of BI Technologies has increased the exposure to changes in the sterling value on translation of the Group's net assets and this exposure is now hedged by US dollar borrowings. The Group's profits and transactions denominated in foreign currencies are hedged by the application of forward currency contracts.

Taxation The Group paid tax of £10.6 million (1999 – £12.9 million) and the overall tax rate was 27 per cent (1999 – 27.9 per cent). Of the total paid, £6.3 million related to entities overseas

and £4.3 million to operations based in the United Kingdom. This mix reflects the increase in the proportion of profits generated outside of the United Kingdom.

Demerger The Group announced on 20 March 2001 that it intends to demerge the glass container activities. The results of these activities are shown as 'to be discontinued' on the profit and loss account and in the appropriate notes to the financial statements. The turnover and operating profit in respect of the activities to be discontinued amount to £57.3 million and £3.9 million respectively and the net assets total £23.6 million.

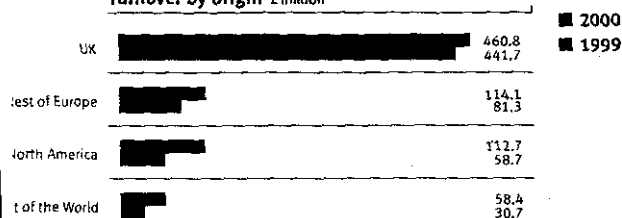
Disposals During the year the stress analysis business was sold for a cash consideration of £0.8 million and the goodwill of £1.0 million, which had already been written off to reserves in 1990, is included in the loss on sale of businesses as part of exceptional items on the profit and loss account of £1.5 million. The United Kingdom based magnet wire business was sold in February 2001 for expected cash proceeds slightly in excess of £5.0 million.

Dividend and Earnings Per Share The Board has proposed an increase of 4 per cent in the final dividend to 6.36p per share from 6.10p last year. The total dividend in respect of 2000 will amount to 10.05p (1999 – 9.79p) and is covered twice by earnings. Earnings per share before goodwill amortisation and loss on sale of business increased by 30 per cent to 21.0p and is calculated on earnings before goodwill amortisation and exceptional items of £33.2 million (1999 – £27.0 million) and the average number of shares in issue of 158,421,355 (1999 – 166,366,767).

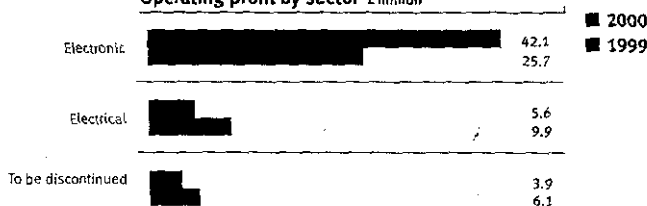
Internal Control The Group has welcomed and fully adopted the philosophy and requirements in respect of procedures for risk management control laid down by the Turnbull report.

Roderick W Weaver
Finance Director
23 March 2001

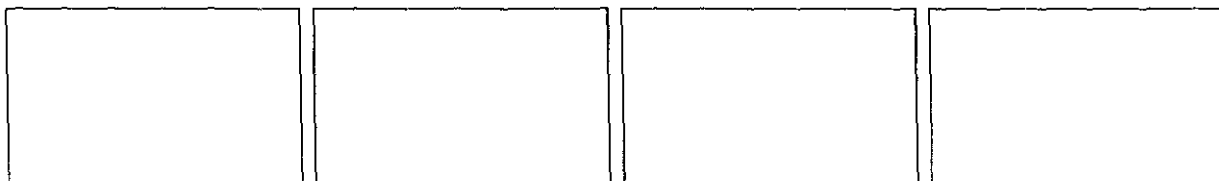
Turnover by origin £ million



Operating profit by sector £ million



Board of directors



John W Newman
Executive Chairman
(aged 55)

Appointed to the Board in 1986. A Chartered Accountant who was previously Joint Managing Director of Newship Group Limited.

Sheridan W A Comonte
Chief Executive
(aged 62)

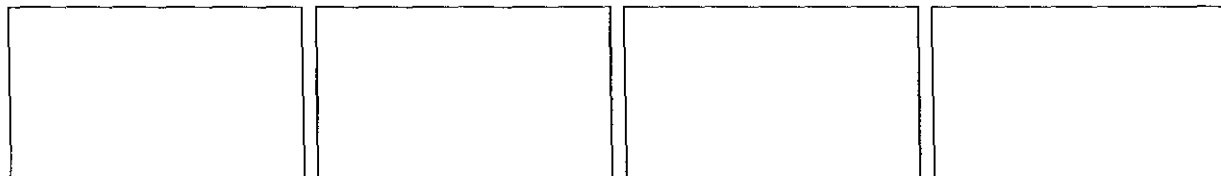
Appointed to the Board in 1987. Previously an executive Director of Newship Group Limited.

Roderick W Weaver fca
Finance Director
(aged 50)

Appointed to the Board in 1995. A Chartered Accountant who was previously with AB Electronic Products Group PLC.

James W Armstrong
Executive Director
(aged 53)

Appointed to the Board in 1998. A Chartered Accountant previously with Newship Group Limited. Joined TT Group in 1988.



David E A Crowe
Non-executive Director
(aged 61)

Appointed to the Board in 1993 and served as an executive Director to 30 April 2000 and is now a non-executive Director. Previously a senior partner of Gouldens – Solicitors.

Timothy H Reed
Non-executive Director
(aged 60)

Appointed to the Board in 1973. Non-executive Chairman from 1974 to 1995. Previously a senior partner of D.L.A. – Solicitors. Also a non-executive Director of a number of private companies.

Michael J Mallett
Non-executive Director
(aged 69)

Appointed to the Board in 1984. A Chartered Accountant who is Chairman of Ayre Mallett and Co Limited and a number of other private companies. Previously Chairman of Polyhedron Holdings plc.

Mark S Evans
Non-executive Director
(aged 67)

Appointed to the Board in 1997. Formerly a Director of Credit Lyonnais Laing. Currently a Director of Merrill Lynch European Investment Trust PLC and Heavitree Brewery PLC.

Group Secretary (not pictured)
Martin G Leigh ACMA

Directors' report

The Directors submit their report and the audited financial statements for the year ended 31 December 2000.

Business review The operational and financial reviews are set out on pages 12 to 17 of this Annual Report and should be read as part of the Directors' Report.

Activities TT Group PLC is a holding company providing management services to the Group. The principal operating subsidiaries, which are listed on page 63, operate in two sectors: Electronic and Electrical.

Results The Group's profit on ordinary activities before taxation was £40.7 million (1999 – £38.0 million). The audited financial statements of the Group are set out on pages 26 to 55.

Acquisitions On 8 January 2000 the Group acquired BI Technologies for a consideration of £42.1 million. Further details are set out in note 25 to the financial statements.

Disposals The stress analysis business was sold to the management for a cash consideration of £0.8 million during the year. Further details are set out in note 25 to the financial statements.

On 28 February 2001 the Group announced the sale of the business of F. D. Sims Limited for expected cash proceeds slightly in excess of £5.0 million.

Demerger The Group announced on 20 March 2001 that it intends to demerge the glass container and architectural ironmongery businesses.

Fixed assets No professional valuation of land and buildings has been carried out during the year, but in the opinion of the Directors the market value, on an existing use basis, is considered to be not materially different from net book value.

Dividends The Directors recommend a final dividend of 6.36p per share (1999 – 6.10p) to be paid on 24 May 2001 to ordinary shareholders on the register at 11 May 2001 which, together with the interim dividend paid on 26 October 2000, makes a total of 10.05p for the year (1999 – 9.79p). After this distribution of £15.0 million, there is £14.7 million available to be added to Group reserves.

Future prospects The future prospects of the Group are referred to in the Chairman's Statement and Chief Executive's Review set out on pages 5 and 15 respectively.

Directors The Directors set out below held office throughout the year.

In accordance with the Articles of Association T H Reed, J W Newman and R W Weaver retire by rotation and, being eligible, offer themselves for re-election.

As a matter of policy no Director has a service contract or is employed on terms which require more than three months' notice on either side.

Directors' interests The Directors of the Company held beneficial interests in the following numbers of the Company's ordinary shares of 25p each on 1 January 2000, 31 December 2000 and 18 March 2001:

	31 Dec 2000 and 18 March 2001 Ordinary shares	1 Jan 2000 Ordinary shares
J W Newman	16,112,627	15,482,627
S W A Comonte	64,500	64,500
R W Weaver	7,500	7,500
J W Armstrong	14,582	14,582
T H Reed	118,634	118,634
M J Mallett	391,826	391,826
M S Evans	20,000	20,000
D E A Crowe	48,454	48,454

Directors' report

continued

The Directors of the Company held non-beneficial interests in the following numbers of the Company's ordinary shares of 25p each on 1 January 2000, 31 December 2000 and 18 March 2001:

	31 Dec 2000 and 18 March 2001 Ordinary shares	1 Jan 2000 Ordinary shares
J W Newman	10,182,437	10,182,437
D E A Crowe	7,950	10,190,387

The issued ordinary shares in which J W Newman held a non-beneficial interest at 1 January 2000 were shares in which D E A Crowe also had a non-beneficial interest, and comprised part of the holding in which J W Newman held a beneficial interest.

The change in the number of ordinary shares in which D E A Crowe held a notifiable non-beneficial interest resulted from the distribution to beneficiaries of assets of a deceased's estate, of which D E A Crowe is an executor.

The issued ordinary shares in which J W Newman held a non-beneficial interest at 1 January and 31 December 2000 and 18 March 2001 comprised part of the holding in which he held a beneficial interest.

Share capital The share capital during the year and the number of ordinary shares reserved for issue are shown in note 22 to the financial statements.

Pursuant to the authority given to the Directors at last year's Annual General Meeting, the Company bought back 1,150,000 ordinary shares (representing

approximately 0.7 per cent of the Company's issued ordinary share capital at that date) at an average price of 125.7p per share.

Annual General Meeting The Notice of the Company's 2001 Annual General Meeting is set out on pages 61 and 62.

Resolutions will be proposed at the Annual General Meeting to renew for a further year the authority of the Directors to allot and grant rights over the unissued share capital and to authorise the Directors to allot and grant rights over ordinary shares for cash up to a maximum nominal amount representing 5 per cent of the issued ordinary share capital without first making a pro rata offer to all existing ordinary shareholders.

A resolution will be proposed authorising the Company to make market purchases of its own shares of up to 10 per cent of the issued ordinary share capital. The Company will only make purchases of its own shares if the Directors are satisfied that it would be in the best interests of the Company to do so and that such purchases would result in an increase in the earnings per share attributable to ordinary shareholders.

To reflect the electronic emphasis of the Group, and to assist in the presentation of the full range of products to its customers, the Board have decided to recommend to shareholders at the Annual General Meeting that the Company's name is changed to TT electronics plc.

Substantial shareholdings At 18 March 2001 the Company had been notified of the following disclosable interests which represented 3 per cent or more of the existing issued ordinary share capital.

	Number	%
J W Newman(1)	16,112,627	10.4
Newship Industries Limited(1)	10,182,437	6.5
Newship Investments Limited(1)	9,903,250	6.3
Tweedy, Browne Company LLC	6,242,353	4.0
Barclays PLC(2)	4,648,305	3.0

(1) The TT Group shares in which Newship Industries Limited is interested are, as to 9,903,250 such shares, the same as those in which Newship Investments Limited is interested and comprise part of the holding of TT Group shares in which J W Newman is interested.

(2) Barclays PLC and Barclays Bank PLC have notified an interest in the same shares.

So far as can be ascertained no other person or corporation holds or is beneficially interested in any substantial part of the share capital of the Company.

Charitable donations During the year the Group contributed £50,000 (1999 – £38,000) for charitable purposes. There were no political contributions.

Employees Every company in the Group is encouraged to develop and implement employment policies and remuneration schemes, designed to identify employees with that company's achievements and ways in which their knowledge and skills can best contribute towards its success. The Directors recognise the importance of employee involvement throughout the Group which is fostered by the development of communications through the normal subsidiary company reporting procedures. The Group gives equal opportunities to disabled persons whenever possible, both in recruitment and career development.

Auditors A resolution will be proposed at the Annual General Meeting to re-appoint Grant Thornton as auditors to the Company and to authorise the Directors to fix their remuneration.

Corporate governance The Group has complied throughout the year with the provisions set out in Section 1 of the Combined Code.

The Board aims to achieve high standards of corporate governance. It recognises that shareholders require leadership and control of the Company to accord with those standards.

The Board of TT Group PLC currently comprises the Executive Chairman, the Chief Executive, the Finance Director, one other executive Director and four non-executive Directors. The non-executive Directors, with the exception of D E A Crowe, are considered by the Board to be independent of the Company's management and free from any business or other relationship which could interfere with the exercise of their independent judgement. The Board meets every other month and has adopted a schedule of matters specifically reserved to itself for decision. Strategies proposed by the executive Directors are fully discussed at Board meetings. Discussions on all matters at Board meetings are based on timely distribution of written information to all Directors.

J W Newman, as Executive Chairman, takes the leading role in strategic planning. He is also primarily responsible for liaison with the Company's institutional investors and relationships with the Group's bankers.

J W Newman, S W A Comonte and R W Weaver meet institutional investors immediately after publication of the annual and interim results. They are also available at other times to enter into dialogue with institutional investors. The Annual General Meeting is used to communicate with private investors.

Directors' report

continued

S W A Comonte, the Chief Executive, is responsible for the running of the Group's operating companies.

T H Reed, M J Mallett, M S Evans and D E A Crowe, the four non-executive Directors, bring a strong and independent element to the Board. They play a vital role in testing the corporate governance of the Company and keeping it robust. T H Reed has been designated senior independent Director.

The Board has established a Remuneration Committee and an Audit Committee each comprising the four non-executive Directors: T H Reed, M J Mallett, M S Evans and D E A Crowe. T H Reed is the Chairman of both Committees. The duties of the Audit Committee include keeping under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the auditors, reviewing any changes in accounting policies and practices, major judgemental decisions affecting interim and annual results and compliance with accounting standards and with the Companies Act, and considering the auditors' internal control report and management's response. The Audit Committee also keeps under review the nature and extent of non-audit services provided by the auditors.

When a Board appointment is to be made, each possible candidate is discussed by all Directors before any approach is made to any candidate. The decision to make a Board appointment is made by the full Board in the light of such discussions.

All Directors are subject to re-election every three years and, on appointment, at the first Annual General Meeting after appointment.

Review of principal risks and internal control

The Directors acknowledge that they are responsible for the Group's systems of internal control and reviewing their effectiveness. In accordance with the guidance of the Turnbull Committee on internal controls the Board has identified and set out procedures for managing risks faced by the Group. These procedures have been in place for the full financial year and up to the date the financial statements were approved. The risk management procedures and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Group's strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute protection against material misstatement or loss.

Risk management and evaluation takes place as part of the annual budget preparation cycle and the monthly management meetings of operating companies. Having identified the risks each operating company then monitors and reviews them on a regular basis. The Board reviews at each Board meeting the current position. A further review is carried out twice annually by the Audit Committee.

The Group's internal control manager monitors via an established reporting procedure the risks set out in the register of principal business risks.

The Group is committed to a policy of maintaining strict internal financial control over all its activities. Controls are designed to provide the Directors with reasonable assurance that assets are safeguarded, transactions are properly authorised and that material errors and irregularities are either prevented or are discovered on a timely basis. The system of control itself is well established. It is reviewed regularly and enhanced to meet the requirements of the Group's development.

Principal features of the system of internal financial control include:

- the Directors meet regularly as a Board to monitor financial performance and to maintain overall control of significant strategic and financial issues.
- the Group is structured so as to enable each operating company to be an autonomous unit, but subject to the policies, rules and procedures determined by the Directors. The Directors exercise control over operating companies through senior executives who monitor and oversee the financial performance and controls of each operating company. The directors of operating companies are held accountable for the effectiveness of the implementation and maintenance of controls within their companies. This provides constant and consistent management appropriate to a devolved structure.
- the Group has detailed financial planning and reporting systems. Detailed management accounts are prepared monthly by each operating company comparing actual performance with budget. The financial performance of each operating company is subjected to detailed formal review at monthly meetings. An important aspect of these reviews is the early identification of potential business risks and agreement on suitable and prompt courses of action. Operating companies prepare strategic plans and annual budgets which are implemented following review and approval by the Directors.
- the Group has comprehensive control and approval procedures which are rigorously enforced. There are clear definitions of appropriate authorisation levels. Capital investment and other major items of expenditure are made only after compliance with detailed appraisal procedures and, if above a set level, only with the approval of the Directors.
- accounting and reporting policies and practices require that the Group's accounting records are prepared with consistency, accuracy and prudence.
- adherence to procedures is reviewed and supported by an internal control manager who reports to the Finance Director. The framework for maintaining control procedures is also monitored by the Audit Committee and the internal control manager.
- certain key functions, including funding, taxation, provision of legal advice, insurance and treasury are controlled at the Group's head office and are monitored by executive Directors.

The Directors have reviewed the effectiveness of the system of internal control, during the period covered by the accounting year to 31 December 2000 and the period since then to the date of this report.

Supplier payments policy The Group's policy in relation to the payment of its suppliers is to agree its terms of payment with each supplier when negotiating the terms of each business transaction. It is Group practice to abide by the agreed terms of payment unless the supplier defaults under its own obligations. Trade creditors at the year end amount to 49 days of average supplies for the year (1999 – 49 days).

Directors' report

continued

Environmental policy TT Group companies adopt a responsible attitude towards the protection of the environment. The Group strives to meet requirements of all applicable environmental laws and regulations and encourages the latest quality accreditation (such as ISO 14001) where appropriate. It minimises energy use and seeks to reduce, re-use and re-cycle waste and arranges for disposal of other waste responsibly.

Statement of Directors' responsibilities in relation to financial statements The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the Group profit or loss for the financial year.

The Directors in preparing the financial statements are required to use suitable accounting policies and to apply them consistently, to make reasonable and prudent judgements and estimates and to state whether the accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group at that time and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

Going concern The Directors confirm, after making appropriate enquiries, that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. The auditors' responsibilities are set out on page 25 and should be read in conjunction with this statement.

Approved by the Board on 23 March 2001 and signed on its behalf by



M G Leigh
Secretary

Report of the auditors

TO THE MEMBERS OF TT GROUP PLC

We have audited the financial statements on pages 26 to 55 which have been prepared under the accounting policies set out on page 31.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Annual Report. As described on page 24, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and by 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 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 or the Listing Rules regarding Directors' remuneration and transactions with the Group is not disclosed.

We review whether the corporate governance statement on page 21 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement,

and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

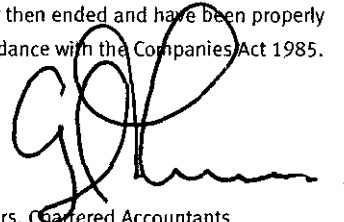
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group'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 the Group at 31 December 2000 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton



Registered Auditors, Chartered Accountants
London
23 March 2001

Consolidated profit and loss account

for the year ended 31 December 2000

	Note	Acquisition £million	£million	To be discontinued £million	2000 Total £million	1999 Total £million
Turnover	1	71.3	617.4	57.3	746.0	612.4
Cost of sales		(52.8)	(500.3)	(43.1)	(596.2)	(488.8)
Gross profit		18.5	117.1	14.2	149.8	123.6
Operating expenses	2	(14.6)	(75.3)	(10.3)	(100.2)	(82.3)
Group operating profit		3.9	41.8	3.9	49.6	41.3
Operating profit before goodwill amortisation		5.7	42.0	3.9	51.6	41.4
Goodwill amortisation		(1.8)	(0.2)	-	(2.0)	(0.1)
Share of operating profit of associate					-	0.3
Total operating profit: group and share of associate					49.6	41.6
Loss on sale of business					(1.5)	-
Profit on sale of fixed asset investments					-	0.4
Profit on ordinary activities before interest					48.1	42.0
Interest	3				(7.4)	(4.0)
Profit on ordinary activities before taxation	4				40.7	38.0
Taxation	5				(11.0)	(10.6)
Profit on ordinary activities after taxation					29.7	27.4
Minority interests					-	(0.1)
Profit for the year					29.7	27.3
Dividends	6				(15.0)	(16.3)
Retained profit for the year	23				14.7	11.0
Earnings per share	7					
- basic and fully diluted					18.7p	16.4p
- before goodwill amortisation and exceptional items					21.0p	16.2p

The above results arise from continuing activities.

Consolidated balance sheet

at 31 December 2000

	Note	2000 £million	1999 £million
Fixed assets			
Intangible assets	11	39.3	3.3
Tangible assets	12	195.0	182.7
Investments:			
Investment in associate	13	-	8.3
Other investments	13	9.5	-
		243.8	194.3
Current assets			
Stocks	14	127.9	115.3
Debtors	15	137.9	118.5
Investments	16	0.1	1.0
Cash		5.1	4.4
		271.0	239.2
Creditors falling due within one year	17	(226.6)	(151.7)
Net current assets		44.4	87.5
Total assets less current liabilities			
Creditors falling due after more than one year	18	(31.5)	(29.4)
Provisions for liabilities and charges	20	(8.9)	(10.6)
Minority interests	21	(3.3)	(3.3)
Total net assets		244.5	238.5
Capital and reserves			
Share capital	22	38.7	41.6
Share premium account	23	56.0	56.0
Capital redemption reserve	23	4.4	1.5
Profit and loss account	23	145.4	139.4
Equity shareholders' funds		244.5	238.5

Approved by the Directors on 23 March 2001 and signed on their behalf by



J W Newman
Director



R W Weaver
Director

Consolidated cash flow statement

for the year ended 31 December 2000

	Note	2000 £million	1999 £million
Net cash inflow from operating activities	24	70.2	63.5
Returns on investments and servicing of finance			
Dividends received		0.4	0.4
Interest paid		(8.2)	(4.7)
Interest received		0.5	0.3
Net cash outflow from returns on investments and servicing of finance		(7.3)	(4.0)
Taxation		(10.6)	(12.9)
Capital expenditure and financial investment			
Sale of tangible fixed assets		6.8	1.5
Government grants received		0.8	0.7
Sale of fixed asset investments		–	5.4
Purchase of fixed asset investments		(1.2)	(4.6)
Purchase of tangible fixed assets		(43.0)	(34.0)
Net cash outflow from capital expenditure and financial investment		(36.6)	(31.0)
Acquisitions and disposals			
Purchase of businesses	25	(39.8)	(3.2)
Sale of business	25	0.8	–
Net cash outflow from acquisitions and disposal		(39.0)	(3.2)
Ordinary dividends paid		(15.3)	(16.3)
Net cash outflow before liquid resources and financing		(38.6)	(3.9)
Management of liquid resources			
Purchase of current asset investments		(0.3)	(1.3)
Sale of current asset investments		1.6	2.0
Net cash inflow from management of liquid resources		1.3	0.7
Financing			
Purchase of own shares		(12.4)	–
New loans		–	0.4
Loan repayments		(1.2)	(1.0)
Finance lease repayments		(1.9)	(0.9)
Net cash outflow from financing		(15.5)	(1.5)
Decrease in cash	26	(52.8)	(4.7)

Statement of total recognised gains and losses

for the year ended 31 December 2000

	2000 £million	1999 £million
Profit for the year	29.7	27.3
Exchange differences on net foreign currency investments	2.7	(0.8)
Total recognised gains and losses	32.4	26.5

Reconciliation of movements in shareholders' funds

for the year ended 31 December 2000

	2000 £million	1999 £million
Profit for the year	29.7	27.3
Exchange differences on net foreign currency investments	2.7	(0.8)
Total recognised gains and losses	32.4	26.5
Dividends	(15.0)	(16.3)
Share buy back	(12.4)	–
Goodwill on disposals	1.0	–
Net addition to shareholders' funds	6.0	10.2
Opening shareholders' funds	238.5	228.3
Closing shareholders' funds	244.5	238.5

Company balance sheet

at 31 December 2000

	Note	2000 £million	1999 £million
Fixed assets			
Tangible assets	12	1.3	4.0
Investments:			
Investment in associate	13	–	8.1
Other investments	13	175.0	165.7
		176.3	177.8
Current assets			
Debtors	15	95.4	79.0
Investments	16	–	1.0
Cash		0.2	0.2
		95.6	80.2
Creditors falling due within one year	17	(50.4)	(48.9)
Net current assets		45.2	31.3
Total assets less current liabilities		221.5	209.1
Creditors falling due after more than one year	18	(20.0)	(20.0)
Total net assets		201.5	189.1
Capital and reserves			
Share capital	22	38.7	41.6
Share premium account	23	56.0	56.0
Capital redemption reserve	23	4.4	1.5
Merger reserve	23	70.3	70.3
Profit and loss account	23	32.1	19.7
Equity shareholders' funds		201.5	189.1

Approved by the Directors on 23 March 2001 and signed on their behalf by



J W Newman
Director



R W Weaver
Director

Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, under the historical cost convention and include the results of all subsidiary undertakings. The principal accounting policies of the Group are set out below and have remained unchanged from the previous year.

Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and its subsidiary undertakings of which the principal ones are shown on page 63.

Subsidiary undertakings acquired or disposed of are consolidated for the periods from the effective dates of acquisition or to the effective dates of disposal.

Associated undertakings

Undertakings other than subsidiary undertakings, in which the Group has an investment over which it exerts significant influence, are treated as associated undertakings. The Group's share of profits and other recognised gains and losses of the associated undertakings are included in the Group's profit and loss account and statement of total recognised gains and losses.

The Group's balance sheet includes the appropriate share of the net assets of the associated undertakings.

Turnover

Turnover is the invoice value of goods and services supplied, excluding sales related taxes and includes the sales value of long term contracts appropriate to their state of completion.

Depreciation

No depreciation is provided on freehold land. Depreciation on other fixed assets including intangible assets is provided at rates calculated to write off their cost less estimated residual value over their expected useful lives, as shown in notes 11 and 12.

Stocks

Stocks and work in progress are valued at the lower of cost, including related overheads, and net realisable value. Long term contracts are valued at cost, including related overheads, less provision for foreseeable losses and after deduction of applicable payments on account.

Deferred taxation

Deferred taxation is the taxation attributable to timing differences between results computed for taxation purposes and results as stated in the financial statements. Provision for deferred taxation is made where it is probable that a liability will crystallise, at the rates estimated to be effective in the future.

Goodwill

Goodwill arising on acquisition is capitalised and is amortised on a straight line basis over its expected useful economic life.

Goodwill arising on acquisitions prior to 1 January 1998 was written off to reserves. On the subsequent disposal or discontinuance of a previously acquired business the relevant goodwill is dealt with through the profit and loss account.

Investments

Fixed asset investments are included at cost less amounts written off.

Current asset investments are included at the lower of cost and net realisable value.

Leases

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

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

Foreign currencies

Monetary assets and liabilities in foreign currency are translated at the rate ruling at the balance sheet date. Transactions during the year are translated at rates ruling at the time of the transactions. Profits, losses and cash flows of overseas subsidiaries are translated at the average rate applicable to the accounting year. Exchange differences on the restatement of the net investment in overseas subsidiaries and the difference between the profit and loss account translated at the average rate and the closing rate are recorded as movements on reserves. All other exchange differences are dealt with through the profit and loss account.

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and credited to the profit and loss account by equal instalments over the anticipated useful lives of the assets to which the grants relate. Other grants are credited to the profit and loss account over the period of the project to which they relate.

Pension schemes

Defined benefit schemes' pension costs are charged against profits and are based on an actuarial method and actuarial assumptions designed to provide the anticipated pension costs over the service lives of the employees in the scheme, in a way which seeks to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll in the light of current actuarial assumptions. Variations from regular cost are spread over the remaining service lives of current employees in the scheme.

Defined contribution schemes' pension costs are charged against profits and represent the amount of the contributions payable to the scheme in respect of the accounting year.

Notes to the financial statements

1. ANALYSIS OF TURNOVER

	2000 £million	1999 £million
By Sector		
Electronic	434.0	302.6
Electrical	254.7	252.5
To be discontinued	57.3	57.3
	746.0	612.4

The Group has changed its reporting by Sector into that shown above. Electronic comprises automotive systems, magnetics, printed circuit boards and electronic manufacturing services, resistors and sensors. Electrical comprises generator sets, power and data transmission cables and accessories and uninterruptible power supplies. The results have been reported accordingly in this note and in notes 4, 8 and 10. Comparative figures have been restated. The effect of this restatement is not considered to be significant. The results of Bi Technologies, acquired during the year, are included in the Electronic Sector. The businesses to be discontinued are the glass container businesses previously reported in the packaging and other sector results and James Gibbons Format Limited previously reported in the industrial sector results. See note 31.

By Origin	Acquisition £million	£million	To be discontinued £million	2000 Total £million	1999 Total £million
United Kingdom	3.0	407.8	50.0	460.8	441.7
Rest of Europe	15.3	91.5	7.3	114.1	81.3
North America	30.1	82.6	–	112.7	58.7
Rest of the World	22.9	35.5	–	58.4	30.7
	71.3	617.4	57.3	746.0	612.4
By Destination					
United Kingdom	2.4	264.4	43.1	309.9	307.7
Rest of Europe	20.8	177.4	8.5	206.7	152.0
North America	23.8	105.1	2.2	131.1	76.8
Rest of the World	24.3	70.5	3.5	98.3	75.9
	71.3	617.4	57.3	746.0	612.4

2. OPERATING EXPENSES

	Acquisition £million	£million	To be discontinued £million	2000 Total £million	1999 Total £million
Sales and distribution costs	7.3	43.2	7.6	58.1	49.8
Administration expenses	7.5	33.4	2.7	43.6	33.4
Other operating income	(0.2)	(1.3)	–	(1.5)	(0.9)
Operating expenses	14.6	75.3	10.3	100.2	82.3

Administration expenses include £2.0 million (1999: £0.1 million) of goodwill amortisation of which £1.8 million resulted from the acquired activity.

3. INTEREST

	2000 £million	1999 £million
Interest payable on bank loans and overdrafts	8.1	4.6
Finance charges on hire purchase contracts	0.2	0.2
Bank interest receivable	(0.5)	(0.4)
Investment income receivable	(0.4)	(0.4)
	7.4	4.0

4. ANALYSIS OF PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2000 £million	1999 £million
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation		
– tangible assets owned	32.1	27.8
– tangible assets hire purchase	0.9	0.5
Amortisation		
– intangible assets	2.0	0.2
Fees to auditors		
– audit services	0.8	0.8
– non audit services	0.1	0.1
Operating lease rentals		
– plant and machinery	0.7	0.6
– other	2.7	2.4
(Profit)/loss on disposal of current asset investments	(0.4)	0.4
Government grants credited	(0.7)	(0.7)
By Sector		
Electronic	42.1	25.7
Electrical	5.6	9.9
To be discontinued	3.9	6.1
Operating profit before goodwill amortisation	51.6	41.7
Goodwill amortisation	(2.0)	(0.1)
Total operating profit	49.6	41.6
Exceptional items	(1.5)	0.4
	48.1	42.0
Interest	(7.4)	(4.0)
Profit on ordinary activities before taxation	40.7	38.0

Notes to the financial statements

continued

4. ANALYSIS OF PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION continued

By Origin	Acquisition £million	£million	To be discontinued £million	2000 Total £million	1999 Total £million
United Kingdom	–	14.1	3.1	17.2	22.7
Rest of Europe	0.9	9.0	0.8	10.7	6.2
North America	1.8	14.5	–	16.3	9.5
Rest of the World	3.0	4.4	–	7.4	3.3
Operating profits before goodwill amortisation	5.7	42.0	3.9	51.6	41.7
Goodwill amortisation	(1.8)	(0.2)	–	(2.0)	(0.1)
Total operating profit	3.9	41.8	3.9	49.6	41.6
Exceptional items				(1.5)	0.4
				48.1	42.0
Interest				(7.4)	(4.0)
Profit on ordinary activities before taxation				40.7	38.0

The Group has changed its reporting by Sector, see note 1.

Exceptional items comprise the loss on sale of the stress analysis business of £1.5 million including goodwill previously written off to reserves of £1.0 million and in 1999 the profit on sale of fixed asset investments.

5. TAXATION

	2000 £million	1999 £million
UK corporation tax at 30% (1999 – 30.25%) based on the taxable profits for the year	4.2	5.9
Deferred taxation (see note 20)	(2.1)	0.7
Taxation on share of profits of associated undertaking	–	0.1
Overseas taxation	8.9	3.9
	11.0	10.6

There was no tax charge arising from the exceptional items.

The tax charge for the year represents an effective rate of 27.0% (1999 – 27.9%) after taking account of the utilisation of tax losses available within the Group.

At 31 December 2000 there were unrelieved tax losses of approximately £9.0 million (1999 – £6.0 million) available for relief against future profits in certain subsidiary undertakings.

6. DIVIDENDS

	2000 pence per share	1999 pence per share	2000 £million	1999 £million
Equity				
Ordinary dividends				
– Interim, paid	3.69	3.69	5.7	6.1
– Final, proposed	6.36	6.10	9.9	10.2
	10.05	9.79	15.6	16.3
Reduction in 1999 final dividend payment due to share buy back			(0.6)	–
			15.0	16.3

7. EARNINGS PER SHARE

	2000 pence per share	1999 pence per share
Earnings per share		
Basic and fully diluted	18.7	16.4
Before goodwill amortisation and exceptional items	21.0	16.2

Earnings per share has been calculated by dividing the profit attributable to shareholders by the weighted average number of shares in issue during the period. The numbers used in calculating basic and fully diluted earnings per share are reconciled below.

An adjusted earnings per share has also been presented based on the profit attributable to shareholders before goodwill amortisation and exceptional items. The effect of these items on earnings is reconciled below.

	2000 £million	1999 £million
Net profit for the period attributable to shareholders		
Earnings basic and fully diluted	29.7	27.3
Goodwill amortisation	2.0	0.1
Exceptional items	1.5	(0.4)
Earnings before goodwill amortisation and exceptional items	33.2	27.0
	2000 million	1999 million
Weighted average number of shares in issue		
Basic	158.4	166.4
Adjustment for share options	0.3	–
Fully diluted	158.7	166.4

Notes to the financial statements

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8. EMPLOYEES

	2000 Number	1999 Number
The average number of employees (including Directors) during the year was:		
By Function		
Production	9,388	7,056
Sales and distribution	1,001	975
Administration	691	634
	11,080	8,665
By Sector		
Electronic	7,316	4,655
Electrical	3,030	3,264
To be discontinued	734	746
	11,080	8,665

The Group has changed its reporting by Sector, see note 1.

	2000 £million	1999 £million
The aggregate emoluments (including those of Directors) for the year were:		
Wages and salaries	167.8	141.8
Employers' social security charges	20.4	15.7
Employers' pension costs	7.4	6.0
	195.6	163.5
Remuneration in respect of the Directors was as follows:		
Emoluments	1.1	1.1

Further details of individual Directors' remuneration, pension benefits and share options are shown in the Report on Directors' remuneration on pages 56 to 59.

9. RELATED PARTY TRANSACTIONS

Subsidiary undertakings of the Group in the ordinary course of their respective businesses supplied and purchased goods and services valued at the aggregate of £594,000 (1999 – £63,000) and £10,000 (1999 – £42,000) respectively to companies in which J W Newman was interested during the year. Such supplies were made on normal credit terms. Additionally, the Company in the ordinary course of its business leased premises and provided normal services in respect of such premises to a company wholly owned by J W Newman during the year. The annual rental aggregating £6,000 (1999 – £6,000) and the annual service charge aggregating £10,800 (1999 – £10,800) were calculated on open market bases and were paid monthly. Subsidiary undertakings of the Group also in the ordinary course of business leased premises from companies wholly owned by J W Newman during the year. The annual rentals, including service charges where applicable, aggregating £260,000 (1999 – £260,000) were calculated on open market bases and were paid monthly.

10. ANALYSIS OF NET ASSETS

	2000 £million	1999 £million			
Shareholders' funds	244.5	238.5			
Loans and finance leases					
– falling due within one year	2.6	3.7			
– falling due after more than one year	21.8	23.8			
	268.9	266.0			
Bank overdrafts less cash and liquid resources	72.8	15.0			
	341.7	281.0			
By Sector					
Electronic	187.3	126.7			
Electrical	109.9	105.1			
To be discontinued	44.5	49.2			
	341.7	281.0			
By Origin	Acquisition £million	£million	To be discontinued £million	Total £million	Total £million
United Kingdom	–	158.8	42.5	201.3	202.4
Rest of Europe	3.1	34.6	2.0	39.7	27.8
North America	38.4	46.5	–	84.9	39.4
Rest of the World	4.1	11.7	–	15.8	11.4
	45.6	251.6	44.5	341.7	281.0

Notes to the financial statements

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11. INTANGIBLE FIXED ASSETS

	Goodwill £million	Other £million	Total £million
Group			
Cost at 1 January 2000	3.4	0.2	3.6
Additions	35.3	–	35.3
Exchange translation differences	2.7	–	2.7
Cost at 31 December 2000	41.4	0.2	41.6
Amortisation at 1 January 2000	0.1	0.2	0.3
Charge for the year	2.0	–	2.0
Amortisation at 31 December 2000	2.1	0.2	2.3
Net book amounts			
At 31 December 2000	39.3	–	39.3
At 31 December 1999	3.3	–	3.3

Goodwill arose on the acquisition of BI Technologies, see note 25. This goodwill is being accounted for as a US dollar denominated asset.

It is considered that the expected useful economic life of the goodwill is 20 years from the date of acquisition.

Other intangible assets comprise patents and manufacturing licences.

12. TANGIBLE FIXED ASSETS

	Freehold land and buildings £million	Leasehold land and buildings £million	Plant, equipment and vehicles £million	Total £million
Group				
Cost at 1 January 2000	79.9	7.8	328.2	415.9
Additions	5.9	0.1	37.0	43.0
Acquisitions	1.0	4.1	29.0	34.1
Disposals	(5.2)	(0.2)	(14.0)	(19.4)
Business sold	(0.1)	–	(1.5)	(1.6)
Exchange translation differences	0.8	0.3	4.1	5.2
Cost at 31 December 2000	82.3	12.1	382.8	477.2
Depreciation at 1 January 2000	18.0	2.8	212.4	233.2
Charge for the year	1.8	0.4	30.8	33.0
Acquisitions	0.1	3.8	23.8	27.7
Disposals	(0.2)	(0.2)	(13.1)	(13.5)
Business sold	–	–	(1.3)	(1.3)
Exchange translation differences	0.1	0.3	2.7	3.1
Depreciation at 31 December 2000	19.8	7.1	255.3	282.2
Net book amounts				
At 31 December 2000	62.5	5.0	127.5	195.0
At 31 December 1999	61.9	5.0	115.8	182.7

The figures stated above for plant, equipment and vehicles include assets held under finance leases with a net book amount of £1.5 million (1999 – £2.6 million).

The net book amount of freehold land and buildings includes £16.4 million (1999 – £16.0 million) in respect of land.

The net book amount of leasehold land and buildings comprises long leasehold (over 50 years) of £3.2 million (1999 – £3.3 million) and short leasehold of £1.8 million (1999 – £1.7 million).

Notes to the financial statements

continued

12. TANGIBLE FIXED ASSETS continued

Depreciation is provided, other than on freehold land, at the following annual rates on a straight line basis:

Freehold buildings	2%
Leasehold land and buildings	2% (or over the period of the lease, if less than 50 years)
Plant, equipment and vehicles	4% to 33%

	Freehold land and buildings £million	Plant, equipment and vehicles £million	Total £million
Company			
Cost at 1 January 2000	3.8	0.9	4.7
Additions	1.9	0.2	2.1
Disposals	(4.0)	(0.1)	(4.1)
Cost at 31 December 2000	1.7	1.0	2.7
Depreciation at 1 January 2000	0.1	0.6	0.7
Charge for the year	0.5	0.3	0.8
Disposals	(0.1)	–	(0.1)
Depreciation at 31 December 2000	0.5	0.9	1.4
Net book amounts			
At 31 December 2000	1.2	0.1	1.3
At 31 December 1999	3.7	0.3	4.0

13. FIXED ASSET INVESTMENTS

	Share of net assets £million	Goodwill £million	Total £million
Group			
Investment in associate			
At 1 January 2000	8.8	(0.5)	8.3
Transfer to other fixed asset investments	(8.8)	0.5	(8.3)
Net book amount at 31 December 2000	-	-	-

	UK Listed at cost £million
Group	
At 1 January 2000	-
Additions	1.2
Reclassification	8.3
At 31 December 2000	9.5

	Associated undertakings £million	UK Listed at cost £million	Subsidiary undertakings £million	Total £million
Company				
At 1 January 2000	8.1	-	165.7	173.8
Additions	-	1.2	-	1.2
Reclassification	(8.1)	8.1	-	-
At 31 December 2000	-	9.3	165.7	175.0

The Group's principal operating subsidiary undertakings and the location of their principal operations are shown on page 63.

TT Group PLC owns 100% of the ordinary share capital or equivalent and 100% of voting rights of all Group subsidiary undertakings other than Rodco Limited which is 60% owned. Shareholdings are held indirectly for all principal operating subsidiary undertakings except BAS Components Limited, Rodco Limited and Beatson Clark plc, which are directly held by TT Group PLC.

Johnston Group PLC has ceased to be an associated undertaking and has been reclassified as a UK listed investment.

TT Group PLC owns 22.7% (1999 – 20.2%) of the equity share capital of Johnston Group PLC. The shares are listed on the London Stock Exchange with a market value at 31 December 2000 of £10.0 million (1999 – £7.9 million).

Notes to the financial statements

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14. STOCKS

	2000 £million	1999 £million
Group		
Raw materials	42.7	38.2
Work in progress	30.5	26.6
Finished goods	54.7	50.5
	127.9	115.3

Work in progress includes £0.4 million (1999 – £2.0 million) of long term contracts and is shown after deduction of payments on account of £nil million (1999 – £1.5 million).

15. DEBTORS

	Group 2000 £million	Group 1999 £million	Company 2000 £million	Company 1999 £million
Amounts falling due within one year				
Trade debtors	119.6	100.9	–	–
Amounts owed by subsidiary undertakings			94.6	78.4
Other debtors	6.7	3.6	–	–
Prepayments and accrued income	8.6	11.0	0.8	0.6
Advance corporation tax recoverable	–	0.1	–	–
Pension prepayment	1.9	1.4	–	–
	136.8	117.0	95.4	79.0
Amounts falling due after more than one year				
Other debtors	0.2	0.1	–	–
Advance corporation tax recoverable	–	0.3	–	–
Pension prepayment	0.9	1.1	–	–
	1.1	1.5	–	–
	137.9	118.5	95.4	79.0

16. CURRENT ASSET INVESTMENTS		Group UK Listed £million	Company UK Listed £million
At 1 January 2000		1.0	1.0
Additions		0.3	0.3
Disposals		(1.2)	(1.3)
At 31 December 2000		0.1	-

The UK listed investments are all listed on the London Stock Exchange and are classified as liquid resources in the consolidated cash flow statement.

The market value of investments at 31 December 2000 is £0.1 million (1999 – £1.0 million) for the Group and Enil million (1999 – £1.0 million) for the Company.

17. CREDITORS FALLING DUE WITHIN ONE YEAR

	Group 2000 £million	Group 1999 £million	Company 2000 £million	Company 1999 £million
Bank overdrafts	78.0	20.4	-	0.1
Loan notes	0.1	0.1	0.1	0.1
Bank loans	1.3	1.8	-	-
Amounts due under finance leases	1.2	1.8	-	-
Trade creditors	82.3	72.0	0.6	0.4
Amounts owed to subsidiary undertakings			30.8	30.2
Corporation tax	13.2	11.6	2.7	2.5
Taxation and social security	6.6	6.3	2.1	2.4
Other creditors	6.6	5.6	-	-
Accruals and deferred income	27.4	21.9	4.2	3.0
Dividends	9.9	10.2	9.9	10.2
	226.6	151.7	50.4	48.9

Amounts due under finance leases are secured on assets to which they relate.

The loan notes of the Company bearing interest at 9% per annum (gross) were issued on 11 July 1991 and are redeemable at par value at the option of the holders on 30 June and 31 December in any year with a final redemption date of 31 December 2001.

Notes to the financial statements

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18. CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2000 £million	Group 1999 £million	Company 2000 £million	Company 1999 £million
Bank loans	21.4	22.1	20.0	20.0
Amounts due under finance leases	0.4	1.7	–	–
Accruals and deferred income	2.2	2.2	–	–
Pension accrual	7.5	3.4	–	–
	31.5	29.4	20.0	20.0

19. BORROWINGS AND FINANCIAL INSTRUMENTS

TT Group's borrowings are primarily bank overdrafts and a £20 million fixed interest rate medium term sterling loan. The Group has no interest rate swaps or forward interest rate agreements. The Group has designated US \$60 million, £40.2 million, (1999 – £nil million) of its borrowings as a currency hedge of its North American and other dollar related assets. The exchange gains or losses on this borrowing offset the Group's gains or losses on translation of its North American net assets. The net result is dealt with in reserves and reported in the Statement of Total Recognised Gains and Losses, together with the exchange difference arising from the translation of the Group's other overseas subsidiaries, mainly in Continental Europe.

The Group's currency exposure on the translation of profits earned in US dollar and dollar related currencies has been reduced by a forward foreign exchange contract to sell US dollars maturing in June 2001. The gain on this contract to 31 December 2000 has been credited to the profit and loss account. There is a currency exposure on the translation of profits earned by other overseas subsidiaries. The Group seeks to avoid currency exposures on sales and purchasing transactions by the use of forward currency contracts. Apart from purchases and sales of current asset investments the Group does not trade in financial instruments.

Short term debtors and creditors have been excluded from the following disclosures, other than the currency risk disclosures.

19. BORROWINGS AND FINANCIAL INSTRUMENTS continued

Financial liabilities

The interest rate profile of the Group's financial liabilities at 31 December 2000 was:

	Weighted average fixed interest rate %	Period for which rate is fixed in years	Fixed rate £million	Floating rate £million	Total £million
2000					
Sterling	11.1	1.6	21.7	28.8	50.5
US Dollar	–	–	–	46.7	46.7
Euro currencies	4.9	3.3	2.0	3.0	5.0
Other	–	–	–	0.2	0.2
			23.7	78.7	102.4
1999					
Sterling	11.4	2.6	23.6	13.8	37.4
US Dollar	–	–	–	5.0	5.0
Euro currencies	5.2	3.3	3.2	2.1	5.3
Other	–	–	–	0.2	0.2
			26.8	21.1	47.9

The floating rate debts in sterling and US dollars bear interest based on the UK base rates and US prime rate respectively.

Maturity profile of financial liabilities

	Group 2000 £million	Group 1999 £million	Company 2000 £million	Company 1999 £million
In less than one year or on demand				
Bank borrowings	79.3	22.2	–	0.1
Finance leases	1.2	1.8	–	–
Other loans	0.1	0.1	0.1	0.1
Between one and two years				
Bank borrowings	10.4	0.7	10.0	–
Finance leases	0.4	1.7	–	–
Between two and five years				
Bank borrowings	10.8	21.0	10.0	20.0
After five years				
Bank borrowings	0.2	0.4	–	–
	102.4	47.9	20.1	20.2

Bank loans of £0.2 million (1999 – £0.2 million) are secured on land and buildings pertaining to the particular facility. Certain bank overdrafts are subject to cross guarantees within the Group.

Undrawn committed borrowing facilities at 31 December 2000, which are due for renewal in April 2001, amounted to £10.3million (1999 – £9.3 million).

Notes to the financial statements

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19. BORROWINGS AND FINANCIAL INSTRUMENTS continued

Fair values

The fair values of financial assets and liabilities are shown below:

	31 December 2000		31 December 1999	
	Book value £million	Fair value £million	Book value £million	Fair value £million
Financial Assets				
Fixed asset investments	9.5	9.5	8.3	8.3
Current asset investments	0.1	0.1	1.0	1.0
Cash	5.1	5.1	4.4	4.4
Financial Liabilities				
Bank overdrafts	(78.0)	(78.0)	(20.4)	(20.4)
Loan notes	(0.1)	(0.1)	(0.1)	(0.1)
Bank loans due within one year	(1.3)	(1.3)	(1.8)	(1.8)
Finance leases due within one year	(1.2)	(1.2)	(1.8)	(1.8)
Bank loans due after one year	(21.4)	(22.9)	(22.1)	(23.6)
Finance leases due after one year	(0.4)	(0.4)	(1.7)	(1.7)
	(87.7)	(89.2)	(34.2)	(35.7)

Currency exposures on monetary assets and liabilities

The Group's policy is to hedge short term debtors and creditors by the use of forward currency contracts and there are no material currency exposures on monetary assets and liabilities.

20. PROVISIONS FOR LIABILITIES AND CHARGES

	Other provisions £million	Deferred tax £million	Total £million
Group			
At 1 January 2000	2.9	7.7	10.6
Transfer from profit and loss account	-	(2.1)	(2.1)
Acquisitions	-	0.4	0.4
At 31 December 2000	2.9	6.0	8.9

	2000 Amount provided £million	1999 Amount provided £million	2000 Amount unprovided £million	1999 Amount unprovided £million
The deferred tax provision comprises:				
Accelerated capital allowances	7.3	7.0	2.7	2.7
Other short term timing differences	(1.3)	0.7	-	-
	6.0	7.7	2.7	2.7

The amount unprovided represents a contingent liability at the balance sheet date. There are unrelieved tax losses of approximately £9.0 million (1999 – £6.0 million) not utilised against the deferred tax provisions noted above and available for relief against future profits in certain subsidiary undertakings. No provision is made for any liability that may arise in the event that any reserves of overseas subsidiary undertakings are distributed. There is no unprovided deferred tax in respect of the Company.

Other provisions are mainly for environmental costs and onerous contracts.

The Company had no provisions for liabilities and charges (1999 – £nil million).

21. MINORITY INTERESTS

Minority interests comprise a 40 per cent equity interest in Rodco Limited not owned by the Group.

Notes to the financial statements

continued

22. SHARE CAPITAL

	2000 £million	1999 £million
Authorised		
226,000,000 (1999 – 226,000,000) ordinary shares of 25p each	56.5	56.5
Nil (1999 – 22,500,000) 10.875% convertible cumulative redeemable preference shares 1997 of £1 each	–	22.5
	56.5	79.0
Issued, called up and fully paid		
154,798,103 (1999 – 166,366,767) ordinary shares of 25p each	38.7	41.6

Ordinary shares of 25p each are equity share capital.

During the year the Company bought in 11,568,664 ordinary shares of 25p each for cancellation at prices ranging from 91.0p to 131.0p.

Following the passing of the special resolution at the Annual General Meeting held on 11 May 2000 the authorised share capital was reduced by cancellation of the 10.875% convertible cumulative redeemable preference shares 1997 of £1 each which at the date of the resolution were unissued.

Share option schemes At 31 December 2000 options were exercisable over 3,787,978 (1999 – 3,118,628) ordinary shares under the Group share option schemes up to 2010. Subscription prices range from 91.5p to 359.0p with a weighted average of 187.7p. Subsequent to 31 December 2000 no options have been exercised or have lapsed.

Executive Scheme This scheme for senior executives was approved at an Extraordinary General Meeting on 30 November 1984. The ability to grant options under this scheme terminated in November 1994.

The options outstanding at the date of this report are over a total of 244,756 ordinary shares and such options are:

Exercisable on or after	Options	Subscription price
09.11.1997	244,756	232.0p

1994 Executive Scheme This scheme for senior executives was approved at the Annual General Meeting on 24 May 1994. On 28 March 2000 options over 725,545 ordinary shares exercisable at 91.5p were granted. The options outstanding at the date of this report are over 1,555,634 ordinary shares and such options are:

Exercisable on or after	Options	Subscription price
04.04.1998	147,273	241.0p
15.04.1999	154,425	319.0p
22.04.2000	103,428	359.0p
24.03.2001	195,808	300.0p
31.03.2002	310,130	177.5p
28.03.2003	644,570	91.5p

22. SHARE CAPITAL continued

1996 Executive Scheme This scheme for senior executives was approved at the Annual General Meeting on 14 May 1996. On 28 March 2000 options over 747,457 ordinary shares exercisable at 91.5p were granted. The options outstanding at the date of this report are over 1,987,588 ordinary shares and such options are:

	Exercisable on or after	Options	Subscription price
	06.06.1999	155,050	353.0p
	22.04.2000	245,199	359.0p
	24.03.2001	149,296	300.0p
	31.03.2002	206,209	177.5p
	15.09.2002	514,703	136.0p
	28.03.2003	717,131	91.5p

Options issued under the 1994 and 1996 Executive Share Option Schemes may not be generally exercised for a period of three years from the date of grant and are conditional on there being an increase in headline consolidated earnings per share (excluding any exceptional and/or extraordinary items) as shown in the audited financial statements of the Company and its subsidiaries over any consecutive three year period between the date of grant and the date of exercise of an average of 2 per cent per annum above the increase in the All Items Index of Retail Prices over the same period. For this purpose headline consolidated earnings per share on any relevant date is that shown in the audited financial statements of the Company and its subsidiaries last published prior to such date.

23. RESERVES

	Share premium account £million	Capital redemption reserve £million	Merger reserve £million	Profit and loss account £million
Group				
At 1 January 2000	56.0	1.5	–	139.4
Retained profit for the year	–	–	–	14.7
Purchase of own shares	–	2.9	–	(12.4)
Goodwill relating to disposal	–	–	1.0	–
Transfer of goodwill written off	–	–	(1.0)	1.0
Exchange translation differences	–	–	–	2.7
At 31 December 2000	56.0	4.4	–	145.4

The goodwill arising on the acquisition of subsidiary undertakings charged to reserves at 31 December 2000, amounts to £74.3 million (1999 – £75.3 million) of which £70.3 million has been previously written off to merger reserve and the balance to profit and loss account.

Notes to the financial statements

continued

23. RESERVES continued

	Share premium account £million	Capital redemption reserve £million	Merger reserve £million	Profit and loss account £million
Company				
At 1 January 2000	56.0	1.5	70.3	19.7
Retained profit for the year	-	-	-	24.8
Purchase of own shares	-	2.9	-	(12.4)
At 31 December 2000	56.0	4.4	70.3	32.1

In accordance with the exemption allowed by Section 230 of the Companies Act 1985, the Company has not presented its own profit and loss account. Of the profit available for appropriation, the sum of £39.8 million (1999 – £9.2 million) has been dealt with in the financial statements of the Company.

24. RECONCILIATION OF GROUP OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000 £million	1999 £million
Total operating profit	49.6	41.6
Depreciation	33.0	28.3
Amortisation	2.0	0.2
Government grants credited to profit	(0.7)	(0.7)
Profit on sale of tangible fixed assets	(0.9)	(0.4)
Share of profits of associated undertaking	-	(0.3)
(Increase) in stocks	(7.4)	(11.9)
(Increase)/decrease in debtors	(10.0)	9.1
Increase/(decrease) in creditors	3.4	(2.7)
(Profit)/loss on disposal of current asset investments	(0.4)	0.4
Movement on pension prepayments and accruals	0.3	0.2
Exchange translation differences	1.3	(0.3)
Net cash inflow from operating activities	70.2	63.5

25. ACQUISITIONS AND DISPOSAL

The Group acquired BI Technologies, a major global manufacturer of electronic components, with effect from 10 January 2000.

Assets acquired:

	Book value £million	Valuation adjustments £million	Restatement to TT accounting policies £million	Fair value £million
Tangible fixed assets (i)	7.3	(0.5)	(0.4)	6.4
Stocks (ii)	6.6	–	(0.8)	5.8
Debtors	12.5	(0.7)	–	11.8
Net cash/(overdrafts)	3.3	–	–	3.3
Trade and other creditors (iii)	(13.0)	(2.8)	(3.3)	(19.1)
Deferred tax	(0.4)	–	–	(0.4)
Total net assets	16.3	(4.0)	(4.5)	7.8
Goodwill				35.3
Cost of acquisition				43.1
Satisfied by:				£million
Consideration – cash				42.1
Cash costs				1.0
				43.1

Notes

(i) The value of plant and machinery has been reduced by £0.5 million based on the lower of depreciated replacement cost and recoverable amount. The alignment of asset lives and the write off of year 2000 related expenditure led to a restatement of £0.4 million.

(ii) Restated using TT Group accounting policies.

(iii) Includes a restatement of £3.3 million for post retirement benefits.

Cash outflows in respect of acquisitions	£million
Consideration	42.1
Cash costs	1.0
Net cash	(3.3)
	39.8

Notes to the financial statements

continued

25. ACQUISITIONS AND DISPOSAL continued

On 11 September 2000 the Group sold the stress analysis business to its management.

Assets sold:	£million
Tangible fixed assets	0.3
Stocks	0.6
Debtors	1.3
Bank overdraft	(0.6)
Creditors	(0.9)
	0.7
Goodwill previously written off to reserves	1.0
Loss on disposal	(1.5)
Proceeds of sale	0.2
Satisfied by:	£million
Cash consideration	0.3
Cash costs	(0.1)
Proceeds of sale	0.2
Cash inflows in respect of disposal	£million
Proceeds of sale	0.2
Bank overdrafts	0.6
	0.8

26. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Cash at bank £million	Bank overdrafts £million	Net cash/ (overdraft) £million	Short term investments £million	Loans and finance lease obligations £million	Net debt £million
Balance at 31 December 1998	4.6	(15.9)	(11.3)	2.1	(24.9)	(34.1)
Cash flow	(0.4)	(4.3)	(4.7)	(0.7)	1.5	(3.9)
Acquisitions	-	-	-	-	(4.5)	(4.5)
Exchange differences	0.2	(0.2)	-	-	0.4	0.4
Other non cash movements	-	-	-	(0.4)	-	(0.4)
Balance at 31 December 1999	4.4	(20.4)	(16.0)	1.0	(27.5)	(42.5)
Cash flow	0.3	(53.1)	(52.8)	(1.3)	3.1	(51.0)
Exchange differences	0.4	(4.5)	(4.1)	-	-	(4.1)
Other non cash movements	-	-	-	0.4	-	0.4
Balance at 31 December 2000	5.1	(78.0)	(72.9)	0.1	(24.4)	(97.2)

27. GUARANTEES AND FINANCIAL COMMITMENTS

Financial commitments relating to bank loans are set out in notes 17 and 19. The Company has no guarantees or contingent financial commitments.

28. CONTINGENT LIABILITIES

Apart from deferred taxation shown in note 20 the Group has contingent liabilities amounting to £1.8 million (1999 – £1.8 million) in respect of performance bonds and guarantees entered into during the normal course of business.

The Company and the Group have no other contingent liabilities which could have a material adverse effect on their financial position.

29. CAPITAL COMMITMENTS

	2000 £million	1999 £million
Group		
Commitments were:		
Contracted	12.8	6.5
Authorised but not contracted	21.1	12.0

The Company had no capital commitments at 31 December 2000 and 31 December 1999.

30. OBLIGATIONS UNDER OPERATING LEASES

The operating lease payments due within one year to which the Group and the Company were committed at 31 December 2000 were:

	Land and buildings £million	Other £million	2000 Total £million	Land and buildings £million	Other £million	1999 Total £million
Group						
On leases expiring:						
within one year	0.1	0.2	0.3	0.1	0.1	0.2
between two and five years	0.8	0.3	1.1	0.4	0.3	0.7
over five years	1.9	–	1.9	1.9	–	1.9
	2.8	0.5	3.3	2.4	0.4	2.8
Company						
On leases expiring:						
within one year	0.1	–	0.1	–	0.1	0.1
between two and five years	0.4	–	0.4	–	–	–
	0.5	–	0.5	–	0.1	0.1

Notes to the financial statements

continued

31. POST BALANCE SHEET EVENT

The Group has stated its intention to demerge its glass container and architectural ironmongery businesses. The results of these companies are reported as "to be discontinued" in notes 1, 2, 4, 8 and 10. Set out below is a table showing the net assets of the businesses to be demerged and the Group consolidated net assets at 31 December 2000. No recognition of any changes to borrowings or of the results of trading activities since 1 January 2001 has been made in these figures. The table is provided for illustrative purposes only and, because of its nature, cannot give a complete picture of the financial position.

	TT Group PLC as at 31 December 2000 £million	Businesses being demerged note (i) £million
Fixed assets	243.8	31.3
Current assets		
Stocks	127.9	14.4
Debtors	137.9	12.0
Investments	0.1	–
Cash	5.1	0.6
	271.0	27.0
Creditors: amounts falling due within one year		
Borrowings	(80.6)	(9.8)
Other	(146.0)	(13.6)
	(226.6)	(23.4)
Net current assets	44.4	3.6
Total assets less current liabilities	288.2	34.9
Creditors: amounts falling due after more than one year		
Borrowings	(21.8)	–
Other	(9.7)	(8.5)
	(31.5)	(8.5)
Provisions for liabilities and charges	(8.9)	(2.8)
Minority interests	(3.3)	–
Net assets	244.5	23.6

31. POST BALANCE SHEET EVENT continued

Notes

- (i) The assets and liabilities of the businesses being demerged (being the glass container businesses and James Gibbons Format Limited) have been extracted, without adjustment, from their audited financial statements. The net assets include inter company debt of £10.9 million at 31 December 2000.
- (ii) No account has been taken of trading since 1 January 2001.

32. PENSION SCHEMES

During the year the Group operated thirteen defined benefit pension schemes in the UK, the assets of which were held under trusts and were therefore independent of the Group. The schemes were broadly associated with each of the principal subsidiary undertakings of the Company. The Group also operated three money purchase schemes to provide benefits for eligible employees.

Defined benefit schemes

Actuarial valuations of the various schemes were carried out by independent qualified actuaries between April 1997 and April 1999 principally using the projected unit cost method. The principal assumptions used were that investment returns would be between 1.5 per cent and 2.5 per cent higher than the growth in annual salaries and that pensions in the course of payment could increase by up to 5 per cent. The combined actuarial valuation at the actuarial dates of the schemes operated by the Group was £157 million. The actuarial valuations represented between 90 per cent and 144 per cent of the benefits accrued, on a continuance basis, to the members of the schemes. The surpluses take account of the improvements to benefits agreed by the trustees of certain schemes following the actuarial valuations. The deficits should be eliminated at current funding rates over the average expected remaining working lives of current employees. The ongoing pension costs are based on the advice of the schemes' actuaries and are reduced where appropriate by the amortisation of the surplus over the average expected working lives of the members.

The total UK contributions charged by the Group in respect of the year ended 31 December 2000 were £6.3 million (1999 – £5.4 million). The differences between the accumulated charge and payments made to the schemes is dealt with in debtors and creditors as appropriate.

Defined contribution schemes

The assets of the schemes were in funds, administered by trustees, independent from those of the Group. The total UK contributions charged by the Group in respect of the year ended 31 December 2000 were £0.2 million (1999 – £0.3 million).

Report on Directors' remuneration

The Board submits its report on Directors' remuneration for the year ended 31 December 2000.

It is the policy of the Company that executive remuneration should be competitive and that most senior executives of the Group should be remunerated by packages comprising a basic salary and, to align the interests of executives with those of shareholders, a bonus linked to performance. Additionally, share options have been granted annually, where permitted, to all key executives of the Group.

Within the policy for executive remuneration laid down by the Board, the Remuneration Committee makes recommendations to the Board on the Company's framework of executive remuneration and its cost. It also decides on the remuneration packages for each of the executive Directors. The Remuneration Committee consults the Executive Chairman on these proposals relating to the other executive Directors. They have taken steps to ensure that the remuneration packages of the Executive Chairman and other executive Directors are competitive in relation to the remuneration packages of executive directors of other comparable companies and have also had regard to remuneration levels and rates of increase within the Group. Executive Directors also receive benefits in kind in line with competitive practice.

In setting the remuneration packages of the executive Directors, the Remuneration Committee has set the respective levels of basic salary paid to each of the executive Directors. The remuneration package provided to S W A Comonte entitles him, in addition to a basic salary, to an annual bonus related to increases in the Group's pre tax profits. R W Weaver and J W Armstrong are each eligible to receive an annual discretionary bonus of an amount decided by the Remuneration Committee. No bonuses were paid in respect of the year ended 31 December 1999.

The Remuneration Committee may grant options at full market value to executive Directors under the terms of the 1994 and 1996 Executive Share Option Schemes. Options under these schemes are generally exercisable not less than three and not more than ten years after their grant, and then

only if a performance criterion has been achieved. It has been the policy that options offered to executive Directors under these schemes should not be exercisable unless the Remuneration Committee is satisfied that at the end of any period of three consecutive years after their grant the Group's earnings per share have increased at a rate greater than 2 per cent above any increase in the All Items Index of Retail Prices. The existing options held by the executive Directors under these schemes and under the previous executive share option schemes of the Company are set out in the table on pages 57 and 58.

On 9 September 1999 the Remuneration Committee established a long-term incentive plan for executive Directors and senior executives. The plan allows the participant, subject to a pre exercise condition, to transfer up to 50 per cent of any bonus entitlements into a trust established by the Company. This will be used to purchase shares in the Company at market value, and be matched by a similar amount paid by the Company into the trust to buy a matching number of shares. The shares acquired by the contribution from the Company may not generally be transferred to the participant until the expiry of three years from the date of the matching award. At the date of this report there are no participants in the plan.

No Director has a service contract or is employed on terms which require more than three months' notice on either side.

The remuneration of the non-executive Directors is decided by other members of the Board. No benefits in kind are provided for non-executive Directors.

Summary remuneration table

Set out below are tables of remuneration of the Directors during the year ended 31 December 2000 and their share options. The amount of each element in the remuneration received by the Directors in the year or to date of resignation including basic salary and fees and benefits in kind was:

	Salary/fees £000	Benefits £000	2000 Total £000	1999 Total £000
Executive Directors				
J W Newman	406	27	433	396
S W A Comonte	223	23	246	249
R W Weaver	162	14	176	167
J W Armstrong	113	14	127	116
M R Eke (resigned 19 March 1999)	–	–	–	38
D E A Crowe (up to 30 April 2000) ¹	35	–	35	79
Non-executive Directors				
T H Reed	30	–	30	27
M J Mallett	23	–	23	20
M S Evans	23	–	23	20
D E A Crowe (from 1 May 2000) ¹	17	–	17	–
	1,032	78	1,110	1,112

¹On 1 May 2000 D E A Crowe retired from his executive Director position but continued with the Board in a non-executive role.

The value of benefits in kind received during the year comprised principally company car benefits and medical cover.

Directors' share options Options set out below granted under the executive share option scheme adopted in 1984 are marked (1), the 1994 Executive Share Option Scheme are marked (2) and the 1996 Executive Share Option Scheme are marked (3).

	1 January 2000	Granted in the period	Lapsed in the period	31 December 2000	Exercise price pence	Exercise period
J W Newman	112,500		112,500	–	219.3	Nov 1996 – Nov 2000
	65,019			65,019(1)	232.0	Nov 1997 – Nov 2001
	62,332			62,332(2)	241.0	Apr 1998 – Apr 2005
	47,100			47,100(3)	353.0	Jun 1999 – Jun 2006
	87,743			87,743(3)	359.0	Apr 2000 – Apr 2007
	19,825			19,825(3)	300.0	Mar 2001 – Mar 2008
	147,058			147,058(3)	136.0	Sep 2002 – Sep 2009
	541,577	–	112,500	429,077		
S W A Comonte	37,500		37,500	–	219.3	Nov 1996 – Nov 2000
	35,445			35,445(1)	232.0	Nov 1997 – Nov 2001
	33,980			33,980(2)	241.0	Apr 1998 – Apr 2005
	25,700			25,700(3)	353.0	Jun 1999 – Jun 2006
	43,732			43,732(3)	359.0	Apr 2000 – Apr 2007
	28,333			28,333(3)	300.0	Mar 2001 – Mar 2008
	147,058			147,058(3)	136.0	Sep 2002 – Sep 2009
	351,748	–	37,500	314,248		

Report on Directors' remuneration

continued

	1 January 2000	Granted in the period	Lapsed in the period	31 December 2000	Exercise price pence	Exercise period
D E A Crowe	22,500		22,500	-	219.3	Nov 1996 - Nov 2000
	35,445		35,445	-	232.0	Nov 1997 - Nov 2001
	22,659		22,659	-	241.0	Apr 1998 - Apr 2005
	17,150		17,150	-	353.0	Jun 1999 - Jun 2006
	21,448			21,448(3)	359.0	Apr 2000 - Apr 2007
	10,932			10,932(3)	300.0	Mar 2001 - Mar 2008
	130,134	-	97,754	32,380		
R W Weaver	4,725		4,725	-	219.3	Nov 1996 - Nov 2000
	4,470			4,470(1)	232.0	Nov 1997 - Nov 2001
	6,198			6,198(2)	241.0	Apr 1998 - Apr 2005
	17,150			17,150(3)	353.0	Jun 1999 - Jun 2006
	26,183			26,183(3)	359.0	Apr 2000 - Apr 2007
	20,000			20,000(3)	300.0	Mar 2001 - Mar 2008
	147,058			147,058(3)	136.0	Sep 2002 - Sep 2009
		109,289		109,289(3)	91.5	Mar 2003 - Mar 2010
225,784	109,289	4,725	330,348			
J W Armstrong	4,725		4,725	-	219.3	Nov 1996 - Nov 2000
	4,470			4,470(1)	232.0	Nov 1997 - Nov 2001
	4,285			4,285(2)	241.0	Apr 1998 - Apr 2005
	3,250			3,250(3)	353.0	Jun 1999 - Jun 2006
	2,786			2,786(3)	359.0	Apr 2000 - Apr 2007
	5,033			5,033(3)	300.0	Mar 2001 - Mar 2008
	73,529			73,529(3)	136.0	Sep 2002 - Sep 2009
		109,289		109,289(3)	91.5	Mar 2003 - Mar 2010
98,078	109,289	4,725	202,642			

T H Reed, M J Mallett and M S Evans have not been granted share options. D E A Crowe's share options were granted in his position of executive Director prior to his retirement.

The closing middle market prices for an ordinary share of 25p of the Company on 31 December 1999 and 2000 as derived from the Stock Exchange Daily Official List were 124.0p and 126.0p respectively. During the year the middle market price of TT Group PLC ranged between 160.25p and 91.5p.

The ability to grant options under the executive share option scheme adopted in 1984 expired in November 1994.

The criteria for exercise of the above options are set out on page 56.

None of the Directors of the Company has been granted any options under other share option schemes of the Group. No options have been granted to Directors or been exercised or have lapsed between 1 January 2001 and 18 March 2001.

Executive Directors' pensions

Each of the persons who were executive Directors during the year (other than D E A Crowe) was a member of the Company's pension scheme, which covers most senior employees of the Company. The Company contributed £nil (1999 – £10,000) to personal pension schemes for D E A Crowe for the period he was an executive Director.

	Age at 31 December 2000	Directors' contributions £000	Increase in accrued pension £000	Accrued pension at 31 December 2000 £000
J W Newman	55	19	14	143
S W A Comonte	61	11	10	90
R W Weaver	50	8	8	40
J W Armstrong	52	5	4	22

Notes

- Contributions paid in the year by the executive Directors are the ordinary employee contributions payable under the rules of the scheme.
- Members of the scheme have the option to pay additional voluntary contributions; neither these contributions nor the resulting benefits are included in the above table.
- The increase in accrued pension during the year excludes any increases for inflation.
- Each executive Director has a normal retirement date of their sixty-fifth birthday.
- No actuarial reduction is made in respect of early retirement between the ages of 60 and 65.
- Accrued pension is that which would be paid annually on retirement at normal retirement date based on service and final pensionable salary to 31 December 2000.
- Pensions in payment accrued post 1 January 1989 for J W Newman, S W A Comonte, and J W Armstrong and in total for R W Weaver, are increased annually in line with the annual rise in the All Items Index of Retail Prices subject to a maximum of 5 per cent per annum.
- In the event of the death of an executive Director, a pension equal to one half of the Director's pension will become payable to a surviving spouse.

Approved by the Board on 23 March 2001 and signed on its behalf by


M G Leigh
Secretary

Historical record

Accounting year		2000	1999	1998	1997	1996	1987
Turnover	(£million)	746.0	612.4	619.9	631.6	520.4	16.7
Profit before taxation	(£million)	40.7	38.0	65.0	62.5	53.5	1.1
Ordinary dividend	(£million)	15.6	16.3	16.3	14.9	12.5	0.3
Ordinary dividend per share	(p)	10.05	9.79	9.79	8.76	7.59	1.27
Earnings	(£million)	29.7	27.3	46.9	43.6	36.8	0.8
Average ordinary shares in issue	(million)	158.4	166.4	168.9	166.6	161.9	21.0
Earnings per ordinary share before goodwill amortisation and exceptional items	(p)	21.0	16.2	26.6	26.2	22.7	3.9
Basic earnings per ordinary share	(p)	18.7	16.4	27.8	26.2	22.7	3.9
Shareholders' funds	(£million)	244.5	238.5	228.3	207.2	181.6	7.6
Asset value per ordinary share in issue at 31 December	(p)	158	143	137	122	108	30

Note

1987 comparison is reported as this was the first year of trading under the present management team.

Notice of meeting

Notice is hereby given that the Annual General Meeting of TT Group PLC will be held at the Ironmongers' Hall, Shaftesbury Place, Barbican, London EC2Y 8AA on Thursday 10 May 2001 at 12 noon for the following purposes:

- (1) To receive the Financial Statements for 2000, the Directors' Report and the Auditors' Report.
- (2) To declare a dividend of 6.36p per ordinary share.
- (3) To re-elect T H Reed a Director.
- (4) To re-elect J W Newman a Director.
- (5) To re-elect R W Weaver a Director.
- (6) To reappoint Grant Thornton as auditors and to authorise the Directors to fix the auditors' remuneration.

As special business to consider and, if thought fit, to pass the following resolutions of which resolution 7 will be proposed as an ordinary resolution and resolutions 8, 9 and 10 will be proposed as special resolutions.

General Allotment Authority

- (7) THAT the Directors of the Company, in substitution for all authorities previously conferred upon them (save to the extent that the same may already have been exercised), be and they are hereby authorised generally and unconditionally for the purposes of Section 80 of the Companies Act 1985 (the "Act") to allot relevant securities (within the meaning of Section 80(2) of the Act) up to a maximum aggregate nominal amount of £12,899,841, such authority to expire on 30 June 2002 save where the Directors exercise such authority pursuant to an offer or agreement made prior to that date.

Disapplication of Pre-emption Rights

- (8) THAT the Directors of the Company be and they are hereby empowered in accordance with Section 95 of the Companies Act 1985 (the "Act") to allot equity securities (as defined in Section 94 of the Act) for cash, pursuant to the general authority conferred by resolution 7 above as if sub-section (1) of Section 89 of the Act did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to:
- (i) the allotment of equity securities in connection with an issue or offering by way of rights in favour of holders of equity securities and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of ordinary shares held by them on the record date of such allotment subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems arising in any overseas territory or the requirements of any regulatory body in any territory or any other matter whatsoever; and
 - (ii) the allotment (otherwise than pursuant to sub-paragraph (i) of this resolution) of equity securities up to an aggregate nominal value not exceeding £1,934,976
- and this power, unless renewed or revoked, shall expire on 30 June 2002 but shall extend to the making, before such expiry, of any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired and so that all previous authorities of the Directors pursuant to Section 89 of the Act, save to the extent to which any such previous authorities have already been exercised, be and they are hereby revoked.

Notice of Meeting

continued

Purchase of Own Shares

- (9) THAT the Company be and is hereby generally and unconditionally authorised, pursuant to the provisions of Article 74 of the Company's Articles of Association, to make one or more market purchases (within the meaning of Section 163(3) of the Companies Act 1985) on the London Stock Exchange plc (the "Exchange") of ordinary shares of 25p each in the capital of the Company ("ordinary shares") provided that:
- (i) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 15,479,810 representing approximately 10 per cent of the Company's issued ordinary share capital;
 - (ii) the minimum price which may be paid for such ordinary shares is 25p per ordinary share (exclusive of expenses);
 - (iii) the maximum price (exclusive of expenses) which may be paid for an ordinary share is not more than 5 per cent above the average of the market values for an ordinary share as derived from the Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased;
 - (iv) unless previously revoked or varied, the authority hereby conferred shall expire on 30 June 2002; and
 - (v) the Company may make a contract or contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

Change of Name

- (10) THAT the name of the Company be changed to TT electronics plc.

By Order of the Board

M G Leigh
Secretary

10 April 2001

Members are entitled to appoint one or more proxies to attend and, on a poll, to vote for them. A proxy need not be a member of the Company. Proxies, to be effective, must be lodged with Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZL at least forty-eight hours before the time appointed for the Meeting.

No service agreement exists or is proposed between any Director of the Company and the Company or any subsidiary undertaking of the Company which is terminable on notice of longer than three months.

A FORM OF PROXY IS ENCLOSED

Principal operating subsidiaries

ELECTRONIC

Resistors

Welwyn Components Limited
AB Mikroelektronik GmbH, Austria
International Resistive Company Inc., USA
BI Technologies

Sensors

AB Elektronik GmbH, Germany
AB Automotive Inc., USA

Automotive Systems

AB Automotive Electronics Limited

Ferrites and Laminations

MMG North America Inc., USA
MMG Neosid Limited
Linton and Hirst Limited

Printed Circuit Board Manufacture

Prestwick Circuits Limited

Electronic Manufacturing Services

Welwyn Systems Limited
AB Electronic Assemblies Limited

ELECTRICAL

Wire and Cables

AEI Cables Limited
W T Henley Limited
AEI Compounds Limited
Winding Wires (Proprietary) Limited, South Africa

Power Generation

Erskine Systems Limited
Genergy plc
Houchin Aerospace Limited
Ottomotores SA de CV, Mexico

Fasteners and Connectors

AB Connectors Limited
BAS Components Limited

TO BE DISCONTINUED

Beatson Clark plc

Notes:

- (a) BI Technologies manufactures electronic components in the USA, United Kingdom, Mexico and Malaysia.
- (b) Companies are located in the United Kingdom except where indicated.
- (c) Addresses and telephone numbers are shown on the TT Group PLC website: www.ttgroup.com

Financial calendar

Annual General Meeting 10 May 2001	Interim ordinary dividend 2001 paid Late October 2001
Shares ex dividend 9 May 2001	Preliminary announcement of 2001 results Mid March 2002
Final ordinary dividend paid 24 May 2001	Annual Report 2001 posted Mid April 2002
Announcement of 2001 half year results Mid September 2001	

Advisors and registered office

Bankers	HSBC Bank plc National Westminster Bank plc Barclays Bank PLC
Auditors	Grant Thornton Melton Street Euston Square London NW1 2EP
Registrars	Lloyds TSB Registrars The Causeway Worthing West Sussex BN99 6DA
Registered Office	TT Group PLC Clive House 12-18 Queens Road Weybridge Surrey KT13 9XB Reg. No. 87249