

Chartered Accountants
Registered Auditors

Grant Thornton 

BOURNS (UK) ACQUISITION LIMITED

FINANCIAL STATEMENTS

31st DECEMBER 2004



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COMPANY REGISTRATION NUMBER 3944613

24-26 City Quay
Dublin 2
Ireland

Member of Grant Thornton International

BOURNS (UK) ACQUISITION LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2004

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BOURNS (UK) ACQUISITION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Gordon Bourns
William McKenna
Sean A O'Sullivan
Gerald Young

Company secretary

Sean A. O'Sullivan

Registered office

Manton Lane
Bedford
MK41 7BJ

Auditors

Grant Thornton
Chartered Accountants
& Registered Auditors
24 - 26 City Quay
Dublin 2
Ireland

Bankers

Royal Bank of Scotland
Unit 9 Bay Centre
Regents Way
Dalgety Bay
Fife KY11 5YD
United Kingdom

Solicitors

Dundas & Wilson CS LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

BOURNS (UK) ACQUISITION LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31st DECEMBER 2004

The directors present their report and the financial statements of the company for the year ended 31st December 2004.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was to act as an investment holding company. There has been no significant change in the company's activities during the year. The company will continue as an investment holding company for the foreseeable future.

DIRECTORS

The directors who served the company during the year were as follows:

Gordon Bourns
William McKenna
Sean A O'Sullivan
Gerald Young

The directors do not have any interests required to be disclosed under Section 2 of Schedule 7 of the Companies Act, 1985.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint Grant Thornton as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

BOURNS (UK) ACQUISITION LIMITED

THE DIRECTORS' REPORT *(continued)*

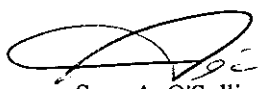
YEAR ENDED 31st DECEMBER 2004


SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
Manton Lane
Bedford
MK41 7BJ

Signed by order of the directors


Sean A. O'Sullivan
Company Secretary



Approved by the directors on the 14th April 2005

BOURNS (UK) ACQUISITION LIMITED**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
BOURNS (UK) ACQUISITION LIMITED****YEAR ENDED 31st DECEMBER 2004**

We have audited the financial statements of Bourns (UK) Acquisition Limited for the year ended 31st December 2004 on pages 6 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities on pages 2 to 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

BASIS OF AUDIT OPINION

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

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

BOURNS (UK) ACQUISITION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BOURNS (UK) ACQUISITION LIMITED *(continued)*

YEAR ENDED 31st DECEMBER 2004

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2004 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

24 – 26 City Quay
Dublin 2
Ireland

14th April 2005

Grant Thornton

GRANT THORNTON
Chartered Accountants
& Registered Auditors

BOURNS (UK) ACQUISITION LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31st DECEMBER 2004**

	Note	2004 £	2003 £
TURNOVER		—	—
Administrative expenses		289,264	386,237
OPERATING LOSS	2	(289,264)	(386,237)
Interest receivable	3	309,548	324,650
Amounts written off investments	4	(1,817,200)	—
Interest payable and similar charges		(206,153)	(222,401)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,003,069)	(283,988)
Tax on loss on ordinary activities	5	—	—
LOSS FOR THE FINANCIAL YEAR		(2,003,069)	(283,988)
Balance brought forward		(5,192,526)	(4,908,538)
Balance carried forward		<u>(7,195,595)</u>	<u>(5,192,526)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

These financial statements were approved by the directors on the 14th April 2005 and are signed on their behalf by:



Gordon Bourns
Director

BOURNS (UK) ACQUISITION LIMITED

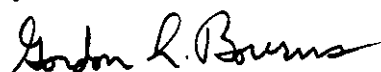
BALANCE SHEET

31st DECEMBER 2004

	Note	£	2004 £	£	2003 £
FIXED ASSETS					
Investments	6		19,447,182		21,264,348
CURRENT ASSETS					
Debtors	7	8,442,689		9,401,783	
Cash at bank		290,437		30,807	
		8,733,126		9,432,590	
CREDITORS: Amounts falling due within one year	8	6,483,508		6,997,069	
NET CURRENT ASSETS			2,249,618		2,435,521
TOTAL ASSETS LESS CURRENT LIABILITIES			21,696,800		23,699,869
CAPITAL AND RESERVES					
Called-up equity share capital	10		26,856,670		26,856,670
Other reserves			2,035,725		2,035,725
Profit and loss account			(7,195,595)		(5,192,526)
SHAREHOLDERS' FUNDS	11		21,696,800		23,699,869

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 14th April 2005 and are signed on their behalf by:



Gordon Bourns
Director

BOURNS (UK) ACQUISITION LIMITED**ACCOUNTING POLICIES****YEAR ENDED 31st DECEMBER 2004**

Basis of accounting

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in England & Wales.

Cash flow statement

The directors have availed of the exemption in Financial Reporting Standard No. 1 (revised) from including a cashflow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement.

Foreign currencies

The financial statements are expressed in pounds sterling (STG£).

Normal trading activities denominated in foreign currencies are recorded in the local currency at actual exchange rate as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

BOURNS (UK) ACQUISITION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2004

1. TURNOVER

The company did not carry out any trade during the year.

2. OPERATING LOSS

Operating loss is stated after charging:

	2004 £	2003 £
Directors' emoluments	—	—
Auditors' fees	2,125	1,500
Net loss on foreign currency translation	<u>279,655</u>	<u>384,651</u>

3. INTEREST RECEIVABLE

	2004 £	2003 £
Bank interest receivable	1,505	—
Interest from group undertakings	<u>308,043</u>	<u>324,650</u>
	<u>309,548</u>	<u>324,650</u>

4. AMOUNTS WRITTEN OFF INVESTMENTS

	2004 £	2003 £
Amount written off investments	<u>1,817,200</u>	<u>—</u>

The directors consider a write down of STG£1,817,200 in respect of the investment held in Bourns Limited appropriate due to the substantial losses incurred by that company.

5. TAXATION ON ORDINARY ACTIVITIES

There is no charge to corporation tax for the year due to losses incurred.

BOURNS (UK) ACQUISITION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2004

6. INVESTMENTS

Investments in subsidiary undertakings and trade investment

	£
COST	
At 1st January 2004	21,264,348
Additions	34
At 31st December 2004	<u>21,264,382</u>
AMOUNTS WRITTEN OFF	
Written off in year	1,817,200
At 31st December 2004	<u>1,817,200</u>
NET BOOK VALUE	
At 31st December 2004	<u>19,447,182</u>
At 31st December 2003	<u>21,264,348</u>

In the opinion of the directors the value of the unquoted investments is not less than the amount shown above.

The company owns 100% of the issued share capital of Bourns Electronics Limited and Bourns Limited, both companies registered in England and Wales. At the balance sheet date, Bourns (UK) Acquisition Limited hold 1 ordinary share in Bourns Luxembourg.

7. DEBTORS

	2004 £	2003 £
Intra-group loan notes receivable	<u>8,442,689</u>	<u>9,401,783</u>

8. CREDITORS: Amounts falling due within one year

	2004 £	2003 £
Amounts owed to group undertakings	1,196,806	1,383,701
Other creditors:		
Intra-group loan notes payable	5,281,702	5,608,368
Accruals and deferred income	5,000	5,000
	<u>6,483,508</u>	<u>6,997,069</u>

9. RELATED PARTY TRANSACTIONS

The company has taken exemption from the requirements to disclose group related party transactions on the basis it is a wholly owned subsidiary. No other related party transactions arose.

BOURNS (UK) ACQUISITION LIMITED

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st DECEMBER 2004

	£	2004 £	£	2003 £
10. SHARE CAPITAL				
Authorised share capital:				
		2004 £		2003 £
40,000,000 Ordinary shares of STG£1 each		<u>40,000,000</u>		<u>40,000,000</u>
Allotted, called up and fully paid:				
		2004 No		2003 No
		£		£
Ordinary shares of STG£1 each	<u>26,856,670</u>	<u>26,856,670</u>	<u>26,856,670</u>	<u>26,856,670</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Loss for the financial year	(2,003,069)	(283,988)
Opening shareholders' equity funds	<u>23,699,869</u>	<u>23,983,857</u>
Closing shareholders' equity funds	<u>21,696,800</u>	<u>23,699,869</u>

12. POST BALANCE SHEET EVENTS

There have been no significant events affecting the company since the year end.

13. ULTIMATE PARENT COMPANY

In the directors' opinion, the company's ultimate parent undertaking and controlling party is Bourns Incorporated, a company incorporated in the State of California, United States of America.

The smallest and largest group in which the results of the company are consolidated is Bourns Incorporated. Copies of the consolidated financial statements of Bourns Incorporated are not generally available to the public.