

July 2004 Investment News

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LATEST US ECONOMIC INDICATORS

Estimates released by the US Bureau of Economic Analysis (BEA) show inflated adjusted GDP grew 3.9% in the first quarter of 2004. Corporate profits increased at a quarterly rate of 1.7%

Real disposable personal income, increased 0.6% and real consumer spending increased 0.4% in May 2004.

The US monthly goods and services deficit narrowed in May 2004. The deficit decreased \$2.1 billion from April to \$46.0 billion in May 2004 as exports increased more than imports.

The US current account deficit increased to \$144.9 billion in the first quarter of 2004.

For more information visit <http://www.economicindicators.gov/>

OVERVIEW OF THE US ECONOMY

For the latest statistics, comprehensive and most up-to-date overview of the US economy, visit <http://www.bea.gov/bea/glance.htm>

UK ECONOMY- KEY FACTS

The Total value of UK at the end of 2003 was £5.3 trillion. This is an increase of £456 billion on the previous year. Detailed figures of the country's wealth show that the most valuable asset continues to be housing with a total value of £3045 billion. This is up 11% on the previous year and equivalent to 57% of the nation's wealth.

The UK economy grew by 0.9% in the second quarter of 2004 up from 0.7% in the previous quarter.

Consumer spending rose by 0.9 % in the first quarter of 2004.

Manufacturing output and industrial production rose by 0.5% between April and May. The volume of retail sales in the 3 months April to June 2004 was 1.9% higher than in the previous 3 months.

In the 3 months to May, distribution output increased by 1.8% compared with the previous 3 months. All three components of distribution-retail, wholesale and the motor trades - increased in output. Retail, for the 13th consecutive month, was the most significant contributor to the 3 month increase in distribution output.

The unemployment rate is unchanged at 4.8%.

Inflation currently stands at 1.6%.

In June output price annual inflation rose to 2.6% while input price annual inflation fell from a rise of 5.4% in May to a rise of 3.3% in June.

Average earnings growth, excluding bonus payments, increased by 4.2 % in the year to May 2004, up from 4.1% in April.

In the first quarter of 2004, the current account recorded a deficit of £5.3 billion. A deficit of £6.2 billion was recorded with EU countries and the current account with non-EU countries showed a surplus of £0.9 billion.

In volume terms in the first quarter of 2004, exports of goods and services fell by 0.9 % while imports of goods and services fell by 0.8%.

In June 2004 the public sector showed a deficit on current budget of £4.9 billion. Business investment for the first quarter of 2004 is 4.4% higher than the same period last year.

Fixed investments across the whole economy has grown by 1.1% in the first quarter of 2004. Direct investment abroad showed net investment of £4.0 billion and foreign direct investment in the UK showed net investment of £3.4 billion in the first quarter of 2004.

For more information visit the following websites:

http://www.hm-treasury.gov.uk/economic_data_and_tools/latest_economic_indicators/data_indic_index.cfm

<http://www.statistics.gov.uk/>

<http://www.britainusa.com/sections/index.asp?i=104>

TRANSATLANTIC MERGERS & ACQUISITIONS

US Organisations invested \$30.78 billion in 195 UK acquisitions last year, while UK acquirers shelled out a significantly smaller \$3.25 billion on 124 US deals. The total investment of \$34.03 billion in cross-border acquisitions is down \$5.87 billion from 2002, but the total number of deals was up from 301 to 319.

The value of US acquisitions of UK organisations increased from \$10 billion in 2002 to \$30.78 billion last year. During the same period, the value of UK acquisitions of US organisations plummeted from \$29.9 billion to \$3.25 billion.

The US and UK are consistently the biggest or second-biggest foreign direct investors in each other's markets. Last year, US organisations accounted for more than one-third of foreign investment in Britain, while UK firms accounted for about 17% of foreign investment in the US.

UK INWARD INVESTMENT JUMPS 14%

Figures reported by UK Trade & Investment, the Government's trade and inward investment operation show that in the financial year 2003/2004:

- A total of 811 investment projects from 40 countries were reported. This is up by 14% from the previous year's figure of 709.
- The number of new jobs created by these projects was 25,463.

- Manufacturing now represents just under a fifth of the UK economy, but accounted for more than 30% of inward investment projects and some 40% of jobs created.
- A number of sectors have seen significant numbers of investments, notably IT, software and electronics with 217 projects and biotechnology/pharmaceuticals with 58.

For more information, visit

<http://www.invest.uktradeinvest.gov.uk/investmentbulletin/feature/index.cfm>

INVESTMENT INDICATORS

UK scores well in European Attractiveness Survey

The UK is one of the key magnets of Western Europe's attractiveness, offering "visible, reassuring risk profile on profitability factors". This fact is identified in a new survey that highlights Europe's resilience in attracting FDI in the face of competition from areas such as China and South East Asia. The survey analysed the countries preferred by international decision-makers as a location for direct investment projects, and found that the UK and Germany were Europe's best representatives.

UK Leads recovery in European Foreign Direct Investment

The UK was at the forefront of a recovery in European inward investment in 2003. The number of foreign direct investments in Europe during 2003 stood at 1,933, an increase of 2% on the 2002 figure. The UK was once again the largest market for inward investment, attracting 23% of all projects (453 investments - up from 370 in 2002). London retained its position as the top European city for inward investment in 2003, attracting 25% of all projects.

UK businesses optimistic about growth

For the second year running, UK businesses remain more optimistic about revenue growth in the year ahead compared with EU businesses in general. UK businesses also remain significantly more optimistic than EU companies as a whole on other key indicators, such as profitability and investment.

UK outperforms Europe in wealth creation

Wealth creation amongst UK companies is up - and increasing faster than the rest of Europe, according to the 2004 Value Added Scoreboard, published by the DTI. The scoreboard, which lists the value added (wealth created) for the top 600 European and top 800 UK companies, is good news for UK business. Since 2003, value added by the top 800 UK companies has increased by 4%, compared with a 1% increase by the European top 600.

There are more UK companies in the European 600 than any other country (165) with a combined value added of US\$567 billion. As a group, the value added for the 165 UK companies in the European 600 increased by 5%.

US INVESTMENT NEWS

THERMA-TRU ACQUIRES UK DOOR MANUFACTURER

Therma-Tru Corp, 1687 Woodlands Drive, Maumee, OH 43537. Telephone: 001-419 891 7400 Fax: 001-419 891 7411 Website: www.thermatru.com
Sentinel Doors Ltd, Unit 1, Llantrisant Business Park, Llantrisant, Pontyclun, Mid Glamorgan CF72 8LF. Telephone: 01443 229219 Fax: 01443 238120 Website: www.sentinel-doors.com

Cardiff: Therma-Tru Doors, a manufacturer of fibreglass entry door systems, based in Maumee, Ohio, has acquired Sentinel Doors Ltd, of Llantrisant, South Wales. Sentinel Doors offers a complete range of entry door systems, especially in the fast growing social housing sector, and is a UK leader in composite door design and innovation.

Carl Hedlund, president and CEO of Therma-Tru Doors, said: "We are very excited about the potential that this action creates for us in the growing and dynamic UK housing marketplace. The acquisition enables Therma-Tru to take a lead position in the UK's social housing sector as part of its strategic commitment to building a stronger international presence."

US GROUP ACQUIRES MORGAN CRUCIBLE GLOBAL BUSINESS

Energy Conversion Systems (Formerly Morgan Auto/Consumer Group), One Morganite Drive, Dunn, NC 28334. Telephone: 001-910 892 8082 Fax: 001-910 892 9600 Website: www.ecs-global.net

The Morgan Crucible Company plc, Morgan House, Madeira Walk, Windsor, Berkshire SL4 1EP. Telephone: 01753 837000 Fax: 01753 850872 CEO and Director, Warren Knowlton. Website: www.morgancrucible.com

London: Energy Conversion Systems Holdings has acquired the net operating assets of the Auto and Consumer global business of The Morgan Crucible Company for US\$60 million.

Based in Windsor, south-east England, Morgan Crucible is divided into a number of global business units (GBUs). The Auto and Consumer business manufactures a wide range of carbon brushes, commutators and energy conversion systems for consumer, automotive and industrial applications. Operating on three continents, it employs about 1,800 people. With the disposal of the Auto and Consumer business, Morgan Crucible now comprises five GBUs.

OXFORD INDUSTRIES TO ACQUIRE BEN SHERMAN

Oxford Industries Inc, 222 Piedmont Ave, NE, Atlanta, GA 30308. Telephone: 001-404 659 2424 Fax: 001-404 653 1545. Chairman, President , and CEO , J. Hicks Lanier Website: www.oxfordinc.com

Ben Sherman Ltd, 2 Eyre Street Hill, Clerkenwell, London EC1R 5ET. Telephone: 020 7812 5300 Fax: 020 7812 5301. CEO, Miles Gray. Website: www.bensherman.co.uk

London: Branded apparel company Oxford Industries, of Atlanta, Georgia, is to purchase London-based Ben Sherman, a privately held designer, distributor and marketer of branded sportswear, accessories and footwear, for approximately US\$146 million.

J Hicks Lanier, chairman and CEO of Oxford Industries, said: "Ben Sherman is an excellent brand and a well-managed company. We believe there are significant opportunities for growth for the brand, both overseas and here in the US. Additionally, there are opportunities for us to leverage Ben Sherman's considerable infrastructure in the UK to grow other portions of our consolidated business."

BELL MICROPRODUCTS ACQUIRES OPENPSL

Bell Microproducts, 1941 Ringwood Avenue, San Jose, CA 95131. Telephone: 001-408 451 9400 Fax: 001-408 451 1600. Chairman, President & CEO W. Donald Bell.

Email: info@bellmicro.com. Website: www.bellmicro.com

OpenPSL. 2 St Crispin Way, Haslingden, Lancashire BB4 4PW. Telephone: 0871 230 4500 Fax: 0871 230 4501. Website: www.openpsl.co.uk

London: Bell Microproducts, a provider of high-technology products, solutions and services, based in San Jose, California, has acquired value-added distributor OpenPSL, of Manchester, North West England, for approximately US\$36 million.

OpenPSL is a value-added distributor of enterprise, storage and security products and related professional services to VARs, systems integrators and software companies in the UK and Ireland.

For the industrial and commercial markets, Bell Microproducts offers semiconductors, computer platforms, peripherals and storage products of various types. It claims to be one of the largest storage-based value-added distributors in the world.

LOUDEYE ACQUIRES OD2

Loudeye Corp, 1130 Rainier Ave, South Seattle, WA 98144. Telephone: 001-206 832 4000 Fax: 001-206 832 4001 President & CEO, Jeffrey M. Cavins. Website: www.loudeye.com
On Demand Distribution Plc (OD2), Broad Quay House, Prince Street, Bristol, BS1 4DJ. Telephone: 01179 058 746 Fax: 01179 058 828. Email: info@ondemanddistribution.com
Website: www.ondemanddistribution.com

London: American business-to-business digital media corporation Loudeye, based in Seattle, Washington, has acquired the privately held digital music provider On Demand Distribution (OD2), of Bristol, south west England.

The combined businesses serve more than 200 customers in 15 countries, including globally significant retailers, portals, telecommunications companies, commercial radio stations and Internet service providers.

Jeff Cavins, president and CEO of Loudeye, said: "By combining with OD2, the leading digital music service provider in Europe, we become the largest business-to-business digital media provider in the world, with the largest licensed digital music catalogue in the industry.

US SOFTWARE COMPANY REINVESTS IN UK OPERATION

Liberty Information Technology, Clarendon House, 9-21 Adelaide Street, Belfast BT2 8DJ. Telephone: +44 28 9044 5500 Fax +44 28 9044 5511 Email: info@liberty-it.co.uk Website: www.liberty-it.co.uk

Belfast: Liberty Information Technology (LIT), based in Belfast, Northern Ireland, the software development subsidiary of Liberty Mutual Group (LMG) of Boston, is investing approximately US\$5.3 million to develop new services for its parent company and on further training and development.

Gordon Bell, managing director of LIT, said: "The overall aim of this investment is to extend the services that we provide to business units throughout the group. It will mean additional software work for our current LMG customers and new projects for units not currently serviced by us. We have already secured new business from Liberty International Underwriters, which has offices in the US, Canada, Australia, Singapore, France, Germany, England and Ireland. For the first time we are providing software to LMG business units outside the US.

VISHAY SILICONIX TO OPEN UK DESIGN CENTRE

Vishay Intertechnology Inc, 63 Lincoln Highway, Malvern, PA 19355-2120 . Telephone: 001-610-644 1300 Fax: 001-610 889 9349 Website: www.vishay.com

Vishay Ltd, Pallion Industrial Estate, Sunderland, SR4 6SU Telephone: 0191 514 4155 Fax: 0191 567 8262

Vishay Yedea-Huntleigh Europe Ltd, 37 Portmanmoor Road, Cardiff, CF24 5HE. Telephone: 029 20460231 Fax: 029 20462173

Cardiff: American power semiconductor specialist Vishay Siliconix, based in Malvern, Pennsylvania, is to open a design centre in the new Digital Technium at Swansea University in South Wales.

The Power MOS and Linear IC Design Centre will design a complete range of complex integrated circuits, carry out initial feasibility studies into new products, and then design and evaluate those devices. Up to ten qualified members of staff will be recruited over the next four years.

Siliconix is an 80%-owned subsidiary of Vishay, a global manufacturer of discrete semiconductors and passive electronic components, and has plants in 17 countries. It employs over 25,000 people and has a turnover of US\$2 billion.

ARVINMERITOR TO UPGRADE UK FACILITY

ArvinMeritor Headquarters, 2135 West Maple Road, Troy, MI 48084. Telephone: 001-248 435 1000 Fax: 001-248 435 1393 Website: www.arvinmeritor.com
ArvinMeritor Uk, Buiness Unit: Commercial Vehicle Systems, Address: Grange Road, Cwmbran, Gwent, Wales NP44 3XU. Telephone: 01633 834040 Fax: 01633 834051 Site Manager, Charles Rankin

Cardiff: ArvinMeritor, a supplier of integrated systems, modules and components to the motor vehicle industry, based in Troy, Michigan, has announced plans to improve its commercial vehicle systems facility in Cwmbran, Wales.

AMAZON TO OPEN UK SOFTWARE DEVELOPMENT CENTRE

Amazon.com, Inc. 1200 12th Ave, South, Ste. 1200, Seattle, WA 98144-2734. Telephone: 001-206 266 1000 Fax: 001-206 266 1821 Website: www.amazon.com
Amazon.co.uk. Patriot Court, 1-9 The Grove, Slough, Berkshire SL1 1QP. Telephone: 01863 69200. Website: www.amazon.co.uk

Glasgow: Amazon.com, the Seattle-based online sales retailer, has announced plans to establish a software development centre in Edinburgh, Scotland.

The centre, which should open later this year, will recruit up to 40 staff, mainly computer scientists and software engineers, to develop new and innovative web-site features to help Amazon customers find anything they wish to buy online. The team will own the business and technology side of features developed, and will be involved in all aspects of the process, from idea generation, business analysis and technical design, through to software development across a variety of architectures and technologies. Earlier this year, Amazon announced the opening of a second UK distribution centre, also in Scotland, creating up to 300 new jobs.

MARKETRESEARCH.COM OPENS UK OFFICE

Market research.com. 6101 Executive Boulevard, Suite 110, Rockville, MD 20852. Telephone: 001-301 468 3650 Fax: 001-301 468 3651 Website: www.marketresearch.com
Powerinfo, 5 Lambton Place, Notting Hill, London W11 2SH. Telephone: 020 7313 2400 Fax: 020 7313 9910 Website: www.powerinfo.co.uk

London: MarketResearch.com, an online provider of market research reports, based in Rockville, Maryland, has opened its first European office, in London.

The office, which will be managed by European business development and marketing agency PowerInfo Ltd, will focus on supporting MarketResearch.com's European customers with answers to report questions, customer service enquiries, and unbiased report recommendations.

Robert Granader, CEO of MarketResearch.com, said: "This is an important step for MarketResearch.com's expansion. Our success over the past six years is all about our client service, and we don't believe you can provide the industry's best service without a more localised presence."

US Commercial Service International Buyer Program (IBP)

The U.S. Commercial Service's International Buyer program (IBP) brings thousands of international buyers each year to meet with U.S. companies at major Trade Shows in the United States.

Listed below are the upcoming trade shows (August-October 2004) that have been selected to participate in the International Buyer Program. (For more information on the US Department of Commerce sponsored trade events please click on the following websites)

Name of the Event: International Baking Industry Exposition
Industry: Baking Equipment, Products & Services
Date: 15-18 August 2004
Location: Las Vegas, Nevada
IBP Contact: Marcella Marcheso Telephone: 020 7408 8019 Email: marcella.marcheso@mail.doc.gov

Name of the Event: MAGIC international
Industry: Apparel
Date: 30 August -2 September 2004
Location: Las Vegas, Nevada
IBP Contact: Marcella Marcheso Telephone: 020 7408 8019 Email: marcella.marcheso@mail.doc.gov

Name of the Event: SHOPA Industry Week 2004
Industry: School & office Products
Date: 20-22 September, 2004
Location: Orange County Convention Centre, Orlando, Florida
IBP Contact: Sara Jones Telephone: 020 7408 8019 Email: sara.jones@mail.doc.gov

Name of the Event: MINExpo International
Industry: Mining
Date: 27-30 September, 2004
Location: Las Vegas, Nevada
IBP Contact: Andrew Hollister Telephone: 020 7408 8019 Email: andrew.hollister@mail.doc.gov

Name of the Event: Plastics USA
Industry: Plastic
Date: 28-30 September, 2004
Location: McCormick Place East, Chicago, Illinois
IBP Contact: Donna Borg Telephone: 020 7408 8019 Email: donna.borg@mail.doc.gov

Name of the Event: ISA Expo 2004 Automation & Control Conference

Industry: (Process Control-Industrial)
Date: 5-7 October, 2004
Location: Reliant Center, Houston, Texas
IBP Contact: Colin Moore Telephone: 020 7408 8019 Email: colin.moore@mail.doc.gov

Name of the Event: Natural Products Expo East
Industry: Biotechnology
Date: 14-17 October, 2004
Location: Washington Convention Centre, Washington DC
IBP Contact: Tatiana Russo Telephone: 020 7408 8019 Email: tatiana.russo@mail.doc.gov

Name of the Event: Permian Basin International Oil Show
Industry: Oil/Gas Field Machinery
Date: 19-21 October, 2004
Location: Odessa, Texas
IBP contact: Andrew Hollister Telephone: 020 7408 8019 Email:
andrew.hollister@mail.doc.gov

Name of the Event: Medtrade 2004
Industry: Health Care Services
Date: 26-28 October, 2004
Location: Orlando, Florida
IBP Contact: Tatiana Russo Telephone: 020 7408 8019 Email: tatiana.russo@mail.doc.gov

For more information visit the following websites:
http://www.export.gov/comm_svc/eps_events.html
www.export.gov/comm_svc/intl_buyer_program.html

For an overall listing of US Department of Commerce sponsored trade events and trade missions please visit www.export.gov/tradeevents.html

BABi J1 (Exchange Visitor) Programme

BABi is authorised by the United States Department of State to issue the Certificate of Eligibility necessary to apply for a J1 Visa to qualified business trainees. This is an expedient, cost-effective way for BABi member companies to bring qualified executives into the US for up to 18 months of training and work experience. Trainees must be qualified to receive the training by virtue of their academic background and experience. For information on this programme contact Alice Mount amount@babinc.org