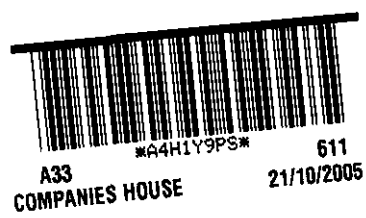


The Northampton Machinery Company Limited

Annual Report

Year ended 31 December 2004



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The NORTHAMPTON MACHINERY COMPANY LIMITED

Company Information

Director	R F Hancox
Secretary	D M Hancox
Registered office	Vines Lane Droitwich Worcestershire WR9 8LU
Registered number	00092181
Auditors	RSM Robson Rhodes LLP Chartered Accountants Centre City Tower 7 Hill Street Birmingham B5 4UU
Solicitors	Eversheds 115 Colmore Row Birmingham B3 3AL

Report of the Director

The director presents his report and the audited financial statements for the year ended 31 December 2004.

Principal activities

The principal activity of the company during the year has been the licensing of technology for the manufacture of machinery for the power and communication cable industries.

Business review and future developments

The business continues to perform satisfactorily. The director will continue to seek new opportunities.

Results and dividends

The profit for the year after tax amounted to £94,660 (2003 loss: £283,873).

The director does not recommend the payment of a final dividend. The profit for the year has been transferred to reserves.

Director

The present director of the company is set out on page 1.

The director did not have any interest in the shares of the company throughout the year. The interests of the director in the shares of the company's ultimate parent undertaking, Inter Rested Limited, are shown in that company's financial statements.

Statement of director's responsibilities for the financial statements

Company law in the United Kingdom requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

THE NORTHAMPTON MACHINERY COMPANY LIMITED

Report of the Director

(Continued)

Auditors

The auditors, RSM Robson Rhodes LLP, are willing to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approval

The report of the directors was approved by the Board on 23 March 2005 and signed on its behalf by:



R F HANCOX
Director

Independent Auditors' Report to the Shareholders of The Northampton Machinery Company Limited

We have audited the financial statements on pages 5 to 13.

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 the director and auditors

The director's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Director's Responsibilities.

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 Director's 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 director's remuneration and transactions with the company is not disclosed.

We read the Director's 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 United Kingdom 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 director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

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



RSM Robson Rhodes LLP
Chartered Accountants and Registered Auditors
Birmingham, England
23 March 2005

Profit and Loss Account

for the year ended 31 December 2004

	Note	2004 £	2003 £
Turnover—continuing operations	2	54,509	882,179
Cost of sales		-	(742,660)
		<hr/>	<hr/>
Gross profit		54,509	139,519
Distribution and selling costs		-	(84,371)
Administrative expenses		(77,788)	(272,040)
Loss on sale of stock and certain other assets		-	(43,691)
		<hr/>	<hr/>
Operating loss	3	(23,279)	(260,583)
Net interest	6	20,607	(4,524)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(2,672)	(265,107)
Taxation on loss on ordinary activities	7	97,332	(18,766)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after taxation		94,660	(283,873)
		<hr/>	<hr/>
Retained profit/(loss) for the year	12	94,660	(283,873)
		<hr/>	<hr/>

There are no recognised gains or losses other than the profit/(loss) for the years reported above.

THE NORTHAMPTON MACHINERY COMPANY LIMITED

Balance Sheet

at 31 December 2004

	Note	2004 £	2003 £
Current assets			
Debtors	8	338,477	573,299
Investments	9	683,611	438,623
Cash at bank and in hand		361,589	337,790
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	10	1,383,677 (153,725)	1,349,712 (214,420)
		<hr/>	<hr/>
Net current assets		1,229,952	1,135,292
		<hr/>	<hr/>
Total assets less current liabilities		1,229,952	1,135,292
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	196,798	196,798
Share premium account	12	1,910,900	1,910,900
Profit and loss account	12	(877,746)	(972,406)
		<hr/>	<hr/>
Shareholders' funds		1,229,952	1,135,292
		<hr/>	<hr/>
Equity shareholders' funds		1,222,452	1,127,792
		<hr/>	<hr/>
Non equity shareholders' funds		7,500	7,500
		<hr/>	<hr/>

The financial statements were approved by the Board on 23 March 2005 and signed on its behalf by:



R F HANCOX
Director

Notes to the Financial Statements

31 December 2004

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Deferred taxation

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

In accordance with FRS 19 deferred tax is not provided on timing differences arising from gains on the sale of non-monetary assets, where on the basis of all available evidence it is more likely than not that the taxable gain will be rolled over into replacement assets.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate ruling at the date that the transaction occurred. Monetary assets and liabilities denominated in foreign currency are translated into sterling at the rates of exchange ruling at 31 December. Exchange differences are taken to the profit and loss account.

Pensions

The company operates a defined benefit scheme providing benefits based on final pensionable pay. Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The regular cost is attributed to individual years using the projected unit credit method.

Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged in the profit and loss account are treated as either provisions or prepayments in the balance sheet.

The company also operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Cash flow statement

The company has taken advantage of the exemption allowed under Financial Reporting Standard No. 1 (Revised) not to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of a UK parent undertaking.

Royalty income

The company accrues for royalty income over the period to which that income relates.

Notes to the Financial Statements

31 December 2004

2. TURNOVER

Turnover represents the amounts derived from the provision of goods and services stated net of value added tax.

3. OPERATING LOSS

Operating loss is arrived at after charging:

	2004 £	2003 £
Auditors' remuneration - audit	1,000	4,000
Depreciation of owned assets	-	12,200
Operating lease charges - plant	6,715	22,029
- land and buildings	-	10,324
	<hr/>	<hr/>

4. DIRECTOR'S EMOLUMENTS

No directors emoluments were paid in the year (2003:£Nil). There were no company contributions to money purchase pension schemes on behalf of the director (2003:£Nil). No director was a member of a money purchase pension scheme (2003: None).

5. STAFF COSTS

The average weekly number of employees, including directors, during the year was:

	2004 No.	2003 No.
Sales, administration and distribution	1	5
Manufacturing	-	2
	<hr/>	<hr/>
	1	7
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2004 £	2003 £
Wages and salaries	20,238	171,839
Social security	3,412	18,377
Other pension costs	(6,724)	8,362
	<hr/>	<hr/>
	16,926	198,578
	<hr/>	<hr/>

Notes to the Financial Statements

31 December 2004

6 INTEREST

	2004 £	2003 £
Interest payable		
On bank overdraft	(673)	(10,691)
On overdue tax	-	(1,583)
	<hr/>	<hr/>
	(673)	(12,274)
	<hr/>	<hr/>
Interest receivable		
On corporate bonds	13,395	7,106
On bank deposits	7,885	644
	<hr/>	<hr/>
	21,280	7,750
	<hr/>	<hr/>
Total net interest	20,607	(4,524)
	<hr/>	<hr/>

7. TAXATION

Taxation credit / (charge) for the year

The taxation (charge)/credit for the year is analysed below:

	2004 £	2003 £
Current year		
Group relief	-	11,000
Prior years		
Group relief	97,332	(29,766)
	<hr/>	<hr/>
	97,332	(18,766)
	<hr/>	<hr/>
Tax reconciliation	2004	2003
Reconciliation of tax (charge) /credit		
Effective rate of current tax on profit on ordinary activities	-	(4%)
Standard rate of tax	(30%)	(30%)
	<hr/>	<hr/>
Difference	(30%)	(26%)
	<hr/>	<hr/>

Notes to the Financial Statements

31 December 2004

7. TAXATION (continued)

Tax reconciliation	2004	2003
Explanation of difference		
Capital allowances in excess of depreciation	-	(11%)
Short term timing differences	-	37%
Other Non deductible and non taxable items	(30%)	-
	<hr/>	<hr/>
Total	(30%)	(26%)
	<hr/>	<hr/>

DEFERRED TAXATION

	Amounts provided		Amounts unprovided	
	2004 £	2003 £	2004 £	2003 £
Capital allowances	-	-	-	-
Other timing differences	-	-	-	(114,000)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	(114,000)
	<hr/>	<hr/>	<hr/>	<hr/>

8. DEBTORS

	2004 £	2003 £
Trade debtors	-	5,556
Other debtors	238,414	330,730
Prepayments and accrued income	2,731	4,412
Group relief receivable	97,332	232,601
	<hr/>	<hr/>
	338,472	573,299
	<hr/>	<hr/>

Included in other debtors is an amount of £173,186 (2003: £264,418) which is due after more than 12 months

9. INVESTMENTS

	2004 £	2003 £
Corporate bonds at cost	403,888	438,623
Other short term deposits	279,723	-
	<hr/>	<hr/>
	683,611	438,623
	<hr/>	<hr/>

Notes to the Financial Statements

31 December 2004

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Bank overdraft	-	48,858
Payment received in advance	24,673	24,673
Trade creditors	26,484	26,484
Other taxation and social security	1,842	2,712
Amounts owed to group undertakings	26,053	38,003
Other creditors	67,244	2,622
Accruals and deferred income	6,400	71,068
Corporation tax	1,029	-
	<hr/>	<hr/>
	153,725	214,420
	<hr/>	<hr/>

11. SHARE CAPITAL

	2004 £	2003 £
Authorised		
Equity		
Ordinary shares of £1 each	5,175	5,175
Deferred shares of £1 each	187,325	187,325
	<hr/>	<hr/>
	192,500	192,500
Non equity		
Preference shares of £1 each	7,500	7,500
	<hr/>	<hr/>
	200,000	200,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
Equity		
Ordinary shares of £1 each	1,973	1,973
Deferred shares of £1 each	187,325	187,325
	<hr/>	<hr/>
	189,298	189,298
Non equity		
Preference shares of £1 each	7,500	7,500
	<hr/>	<hr/>
	196,798	196,798
	<hr/>	<hr/>

Notes to the Financial Statements

31 December 2004

12. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share premium £	Share capital £	Profit and loss account £	Total £
At 1 January 2004	1,910,900	196,798	(972,406)	1,135,292
Retained profit for the year	-	-	94,660	94,660
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	1,910,900	196,798	(877,746)	1,229,952
	<hr/>	<hr/>	<hr/>	<hr/>

13. CONTINGENT LIABILITIES

The company together with its holding company and fellow subsidiary companies is party to a group banking arrangement which includes multilateral cross guarantees. At 31 December 2004, the contingent liability under this arrangement was £3,228,000 (2003: £2,785,000).

The company has given advanced payment guarantees and performance bonds in the ordinary course of business. At 31 December 2004 the liability under these arrangements was £Nil (2003: £15,502).

14. PENSIONS

The company formerly operated a defined benefit pension scheme. The scheme was closed to new entrants and to future service accrual on 5 November 2000. It was replaced by a defined contribution pension scheme. At the last actuarial valuation at 5 April 2003, the market value of the Scheme's assets was £3,446,500 and the ongoing funding level was 101.6%.

Contributions to the defined contribution scheme are charged to the profit and loss account in the period in which they fall due. The pension cost credit for the year ended 31 December 2004 was £6,724 (2003: charge £8,362).

Benefits are calculated on an equivalent projected unit method. The principal assumptions made in determining the liabilities of the schemes are: Base pension amount increases 3% (2003 and 2002: 3%), pension in payment increases 3% (2003 and 2002: 3%), discount rate 5.5% (2003 and 2002: 5.4%). The scheme assets are invested in deferred annuities.

The assets and liabilities of the schemes comprise:

Group	2004 £'000	2003 £'000	2002 £'000
Fair value of scheme assets	856	817	817
Present value of scheme liabilities	(856)	(817)	(817)
	<hr/>	<hr/>	<hr/>
Surplus / deficit at 31 December	-	-	-
	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements

31 December 2004

15. RELATED PARTY DISCLOSURE

At 31 December 2004, the company was a wholly owned subsidiary of Inter Rested Limited, and is therefore exempt from making disclosures under paragraph 3(c) of FRS 8 "Related Party Transactions".

16. ULTIMATE HOLDING COMPANY

The ultimate holding company is Inter Rested Limited, a company incorporated in England. Copies of the Inter Rested Limited accounts are available from Companies House, Crown Way, Cardiff, CF4 3HZ.