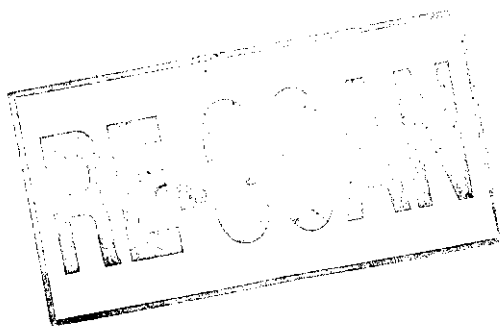


167000

BRAMMER PLC ANNUAL REPORT 2002



Brammer

5-6-03 220

2	Chairman's statement	40	Consolidated profit and loss account
6	Chief executive's review	40	Consolidated statement of total recognised gains and losses
16	Financial review	41	Consolidated balance sheet
20	Directors and officers	42	Balance sheet
22	Principal subsidiaries and associates	43	Consolidated cash flow statement
24	Brammer and its advisers	44	Accounting policies
26	Directors' report	46	Notes to the accounts
28	Corporate governance	64	Five year record
30	Remuneration report	65	Shareholder information
38	Directors' responsibilities	65	Financial calendar 2003
39	Auditors' report		

Turnover		
2002		£338m
2001		£372m
2000		£287m
1999		£242m
1998		£238m
Profit before tax, goodwill and exceptional items		
2002		£6.0m
2001		£19.3m
2000		£24.4m
1999		£19.5m
1998		£23.9m
Earnings per share – basic before goodwill and exceptional items		
2002		9.7p
2001		28.1p
2000		36.1p
1999		28.8p
1998		35.2p

FINANCIAL HIGHLIGHTS

	2002	2001	Change
Turnover	£338m	£372m	-9%
Profit before goodwill, exceptional items, interest and tax	£10.2m	£24.4m	-58%
Profit before goodwill, exceptional items and tax	£6.0m	£19.3m	-69%
Loss on ordinary activities after tax	£(3.7)m	£(6.8)m	+46%
Movement in net debt	£19.6m	£(44.1)m	+144%
Net debt	£(62.7)m	£(82.3)m	
Shareholder's equity	£60.8m	£78.4m	
Earnings per share			
Before amortisation of goodwill and exceptional items	9.7p	28.1p	-65%
Basic	(7.7)p	(14.3)p	+46%
Diluted	(7.7)p	(14.3)p	+46%
Dividend per share	4.5p	19.3p	-77%

Brammer is a leading European industrial services group with two core businesses, Brammer Industrial Services and Livingston. We provide, through Brammer Industrial Services, the supply of power transmission components, engineering and other related industrial services; and, through Livingston, outsourced management of technology tools and related testing and measurement services. Our two businesses fulfil a pivotal role between customers and suppliers adding value to both through services of the highest quality.

Brammer

2002 was one of the most difficult years in Brammer's history. Cost reduction and cash production were major priorities.

Brammer

OVERVIEW

2002 was one of the most difficult years in Brammer's history. In Brammer Industrial Services we made good progress in difficult markets across Europe. In Livingston we continued to suffer from the unprecedented decline in the technology and telecom markets, and reduced our rental business significantly in the expectation that improvement in these markets continues to be some way off. Consequently cost reduction and cash production were major priorities in the year and an exceptional charge of £8.7 million was incurred in restructuring the business.

Group turnover for the year was down 9% at £338.0 million (2001 £372.3 million). Turnover at Brammer Industrial Services declined just 1% to £238.8 million whilst Livingston was 25% down at £99.1 million. Group profit before goodwill, exceptional items and tax declined 69% to £6.0 million (2001 £19.3 million). The loss on ordinary activities before tax but after goodwill and exceptional items was £5.2 million (2001 £6.8 million). Earnings per share before goodwill and exceptional items was 9.7p (2001 28.1p) but at the basic level, after accounting for these items, was a loss of 7.7p (2001 14.3p loss). Net cash inflow in the year, on a constant exchange rate basis, was £24.1 million. After exchange rate movements, net cash inflow was £19.6 million which compares to an outflow of £44.1 million in 2001, reducing net debt to £62.7 million at the end of 2002.

STRATEGY

Brammer's overall strategy is to deliver satisfactory returns to its shareholders and we are deeply conscious that, as a result of the events of the past two years, we have failed to do this.

In Brammer Industrial Services we have a high quality business and a leading position in Europe in the markets which we cover. Our strategy is to fully exploit this leading position through unique customer service and product offerings. Pan-European market coverage and a wide and comprehensive product range allow us to achieve economies of scale for the benefit of our customers, suppliers and our shareholders. There is still a great deal of potential to exploit in this business and we are encouraged by our growing market share and our success to date.

In Livingston our strategy has changed from one of growth to right-sizing the business to meet current market conditions as our primary IT and telecom rental markets have been subjected to unprecedented declines. Our strategic priority has been to de-risk the business as quickly as possible. Our calibration businesses remain a dependable source of income within Livingston and the rental businesses have been downsized and refocused on less volatile market segments. These tasks will continue in 2003 as we endeavour to create a more predictable and stable business capable of delivering a consistent return.

DIVIDEND

The board recommends a final dividend of 3.0p (2001 12.6p) making a total for the year of 4.5p (2001 19.3p). The dividend is covered 2.2 times by profit after tax but before goodwill and exceptional items. The final dividend, if approved, will be payable on 2 July 2003 to shareholders on the register on 30 May 2003.

BOARD CHANGES

On 26 July 2002 John Cumming retired having been group finance director for 14 years. We thank John for his contribution over the years and wish him well in his retirement. Paul Thwaite became group finance director on 30 May 2002.

In addition, on 11 March 2003, Mel Porter, the director responsible for the Livingston business, resigned from the board and will be leaving the group. Ian Fraser, the group chief executive, has assumed direct responsibility for Livingston.

PEOPLE

On behalf of the board, I wish to thank all of our employees for their commitment and flexibility over the last twelve months in dealing with the many challenges in this turbulent year.

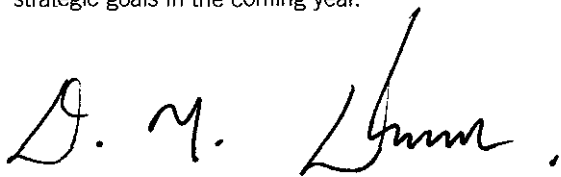
OUTLOOK

In Brammer Industrial Services our markets remain tough, as economic conditions throughout Europe show no signs of improvement. Nevertheless, having grown sales per working day 3% in the last quarter of 2002 we grew 3% in the first 2 months of 2003 and are confident we can continue to gain market share through the provision of excellence in customer service and the development of our pan-European initiatives.

Profitability improvement is aided by the fact that our sales, distribution and administration costs in January and February 2003 were 3% or £346,000 below the corresponding period in 2002.

In Livingston our computer rental business seems to have stabilised at approximately £2.6 million revenue per month. We do not see this recovering to any great extent in the current year and have sized the cost base accordingly. Our test equipment management services business is now running at a revenue of circa £1.2 to £1.4 million per month and, despite extensive efforts to develop our business outside of the telecom markets, we do not expect revenues to increase until 2004. Our calibration business has proved to be more resilient than our rental business and has been stable for some time at £3.3 to £3.5 million per month.

Overall the group is more stable than twelve months ago and provided our markets reflect a similar stability during 2003, we would expect to make progress in achieving our strategic goals in the coming year.



David Dunn

**The group is more stable and provided
our markets reflect a similar stability,
we would expect to make progress
in achieving our strategic goals.**

Brammer

OVERVIEW

In each division we continued to reduce costs in highly competitive and weak markets, at the same time ensuring we maintained our strategic focus and sustained our ability to add value to our customers.

BRAMMER INDUSTRIAL SERVICES

Brammer Industrial Services is the leading European supplier of technical components and related services to the maintenance, repair and operations markets. In 2002 we extended our leadership position in the supply of bearings, mechanical and electrical power transmission, seals, gearboxes and value added engineering and support services. We ended the year with 1,800 employees working in 270 locations serving 105,000 customers.

The UK saw double digit declines in sales of traditional product lines of bearings and mechanical power transmission products, partly offset by good growth in fluid power, tools, and industrial automation. Insites grew from 27 to 32, and a number of major contracts were won including BNFL, Rolls Royce, Unilever, American Standard and Kerry Foods.

France benefited from the introduction of new product groups of pneumatics and seals. New contracts were won with St Gobain, and Crown Cork & Seal. Four more Insites were started bringing the total to five.

6 CHIEF EXECUTIVE'S REVIEW

In each division we continued to reduce costs, maintain our strategic focus and sustain our ability to add value to our customers.

"The consolidation of our purchases with Brammer Industrial Services, on a European basis, creates value for Crown Cork & Seal. This is obtained through shared on-line data of the two companies, which creates significant savings to our purchasing costs. Additionally in other areas, there have been innovative solutions proposed by Brammer, such as the deployment of their people and systems into our manufacturing sites. These have then become the guarantors for implementing best practice in the sourcing our of MRO mechanical spares requirements."
Jean Rene Lasbats, Crown Cork & Seal

Germany experienced very difficult trading conditions with the machine tool industry. Nevertheless we acted early to cut costs and headcount was reduced by 12%. New contracts were won with Kamps Bakery Group and the Berlin Public Transportation Company.

In Spain we are the clear market leader, with revenues roughly double the next largest player. Operating profit as a percentage of sales remained high at 11%. Rolamentos in Portugal, where we own 25%, performed poorly.

"Brammer has transformed itself over recent years from national distributor in the UK into a true pan-European distribution network. Gates' relationship with Brammer is a close partnership maximizing the strengths of Gates' European manufacturing capability and Brammer's distribution expertise. I trust that this dynamic partnership will continue as a vibrant presence in the industrial services sector. Brammer is a valued customer of Gates Corporation and with whom I truly enjoy doing business." Richard Bell, President, Gates Corporation

Our Benelux business, KNS (49% owned), made good progress in 2002 in increasingly difficult markets. We opened one Insite.

Our strategy to leverage off our European presence continued. We focused on three areas where our pan-European organisation could bring efficiencies

- development of additional sales and market share gain by helping both national and pan-European customers achieve efficiency savings,
- providing a pan-European distribution outlet in partnership with our suppliers, and establishing greater purchasing power,
- capitalising on the opportunity to develop best practice across our European operations and achieve the significant synergies available to us.

Sales development

Overall our revenue was down just 1% on a sales per working day ("SPWD") basis. However the first half was down 3% on SPWD, whilst in the second half market share gains arising from both national and pan-European contracts helped us grow SPWD by 2%. At the year-end we had signed five pan-European contracts covering over 300 locations. Revenues emanating from the 39 multi-national customers, with whom we trade in 3 or more countries, grew by 13% as we gained more share.

These customers typically want us to be local to their plants across Europe, to be able to supply the full range of bearings, power transmission products and associated services, and to help them reduce their cost of acquisition by rationalising their supplier base and providing value added services.

Brammer

Supplier partnership

Our focus on achieving closer partnership with a limited number of suppliers for each product line helped us protect gross margins in challenging markets. Our strategy is to concentrate on our chosen product range of bearings and power transmission products, providing a focused, relatively narrow, but deep product range to our customers, and ensuring our ability to provide added value by both technical product support as well as extensive supply chain advice. Our buying power is evidenced by the fact that we now purchase over €125 million of bearings per annum from a relatively small number of suppliers. This represents more than 10% of purchases by distributors in western Europe. We are typically the largest customer of most of our strategic suppliers, and these partners aim to grow with us as we consolidate the European market.

European synergies

Further progress was made during 2002 in developing best practice and European synergies. The Insite concept was further developed, and we ended the year with 32 Insites in the UK, 5 in France and 1 in Belgium. The total revenues through Insites grew by 30% over 2001 to £11.5 million. We further developed our e-commerce capability and, for the first time, each of our main operations can view and order from the entire European inventory, thus providing approximately £50 million of inventory (including associates) for our customers. In addition, this development aided our inventory management and an increasing amount of inventory is now sourced internally from within our European operations which would previously have been sourced externally. Many more products are being purchased on a European basis, providing both process cost and product cost benefits, and we have made good progress on our supply chain project designed to extract both inventory and logistics efficiencies.

10 CHIEF EXECUTIVE'S REVIEW

"The INA Group vision is "together we move the world". To achieve this, we work tirelessly to meet our customers' needs. Brammer Industrial Services plays an important role in our supply chain helping to ensure we fulfil our customers' needs completely. They provide extensive services which add value to the customer including: 24 hour services and availability; Global technical competence; Excellent product range; and Logistics expertise including vendor managed inventory, integrated supply chain management and C-parts management. In particular, Brammer's technical expertise, product knowledge and application know-how, is absolutely necessary to seize together the great business opportunities in bearings and linear motion. In summary, Brammer Industrial Services fulfils our requirements as a preferred partner in the market place and we look forward to working together to further optimise our efforts in the future." Robert Schullan, Executive Vice President – Sales, Industry and Distribution, INA

In summary, we believe we are making market share gains by winning both national and pan-European contracts, our gross margins are protected in difficult market conditions through improved purchasing power and supply chain efficiencies, and good progress has been made in establishing one Brammer Industrial Services model across Europe.

Our goal is to be seen as local by our customers in terms of sales and technical support, whilst, at the same time, being able to provide, more cost effectively than our competition, the scale, support and economic benefits which derive from being the European leader in the supply of technical components and value added services.

"Brammer provides us with the necessary products, services and local geographic coverage to supply, and support, the Kappa manufacturing plants with their MRO requirements across Germany, Benelux, France, Spain, Czechia and the UK. Kappa are particularly interested in benefiting from Brammer's considerable logistics expertise and stock management practices, to assist in reducing cost in the supply chain and improve productivity within the Kappa operating plants." Theo Gozens, Kappa

Brammer

"In 1999, Thales in France chose Livingston to implement a Measurement Equipment Management Service contract, aimed at improving the utilisation and reducing the cost of ownership of our large inventory of test and measurement equipment. Over the last three years Livingston has made excellent progress in this regard and we are now considering extending this process to cover a standardised global management service for all of our units. Livingston has the opportunity to remain a leading partner in this process." Terry Padley, Thales

LIVINGSTON

Livingston outsources the management of high technology tools, equipment and related testing and measurement services through a range of management services, asset management and rental programmes. Overall 2002 has been the most difficult year in Livingston's history, with 9 of our top 10 customers experiencing extremely difficult market conditions. We focused on reducing our cost base and producing cash. In our rental businesses we reduced the cost base by 35%, and produced £19.0 million of operating cash flow.

Rental inventory

We have significantly reduced our rental inventory from a gross book value of £133.8 million at 31 December 2001 to £96.5 million at 31 December 2002 with consequent benefits in future depreciation charges. The net book value after depreciation and impairment provisions is £35.6 million.

Market focus

Test equipment management services

Where possible we diverted activity away from some of our traditional market sectors which had suffered decline and sought to develop more contracts in the aerospace, defence, and industrial electronics markets. Nevertheless, the massive decline in rental revenues from telecom manufacturers engaged in the installation of optical fibre networks resulted in a low utilisation of optical test equipment. We have therefore mothballed £29.4 million of optical test equipment and provided against this to a net value of £8.1 million, our assessment of its current market value.

The slowdown in this marketplace has resulted in limited product development and increased utilisation life of current technology. We expect demand for these assets to recover in 2004 and 2005.

We saw reduced benefits from our outsourcing contracts with KPN, Nortel and Lucent. We did, however, make good progress in extending our test equipment management contract with Thales in France, where we now have over 40,000 assets under management.

Market focus

Computer products

In our computer products rental business we further reduced our dependency on Sun and developed new relationships with Fujitsu Siemens in the UK and extended our relationship with IBM across the group.

"In 1996 IBM was looking for a professional partner to manage all logistic and administration tasks for demonstration and testing equipment. Livingston's experience was the key-point for our decision. The product portfolio has constantly been increased and today Livingston is providing the IBM sales reps with all products. Livingston also supports our product launches, such as the e-server pSeries announcement. Marketing activities like mailings and coordination of an ISV pool for SW porting are just a few examples. In addition IBM and Livingston are realising a significant number of initiated marketing and sponsoring projects, such as supplying IBM Partners and SMB customers with 300 IT-Systems on CeBIT 2002 or the allocation of the total IT-Infrastructure for the film festivals in Locarno and Venice up to sponsoring the ski world championships 2003 in St. Moritz. IBM is looking forward to continuing the excellent partnership with Livingston and even extending the relationship in the future."

Felix Rümmele, IBM Germany

Brammer

We have worked hard to improve the returns and remove the financial risk from our computer rental business. During the year our entire excess Sun computer inventory has been disposed. We purchased £20.9 million of new inventory in 2002 (2001 £41.7 million) and have reduced inventory asset lives by between 3 and 6 months. At the same time, we have increased the required rental rates to take account of the resulting higher depreciation costs. As a consequence, in the last quarter of 2002, we experienced much improved financial utilisation ratios.

In both rental businesses we have developed attractive medium term leasing packages which will help our customers in this period of tight capital constraints.

Market focus

Calibration and measurement services

In our calibration and measurement services businesses we were able rapidly to replace reductions in demand from our telecom customers with new business from other sectors. Across Europe we saw a reduction in demand from telecom customers of 43% from £13.2 million to £7.5 million. We replaced this at least in part by increasing our revenues from defence, aerospace and biomedical customers by £3.5 million.

14 CHIEF EXECUTIVE'S REVIEW

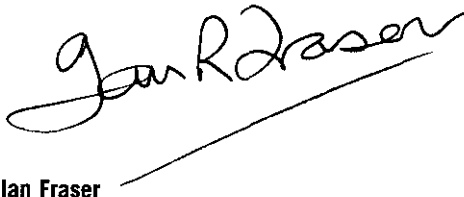
"We chose Livingston as our European partner because; Livingston is the only truly pan-European rental and leasing company, providing a local service, with local support in nine European countries; Livingston leads the market for providing value added services for short and medium periods, through to cost effective lifetime support within its equipment management programmes; Livingston also provides equipment management services to NetTest by managing our demonstration equipment pool for the EMEA region; and we trust Livingston to enhance our reputation with our customers."

Kaj Juul-Pedersen, CEO, NetTest

Productivity improvements

During 2002 we completed the roll out of our pan-European IT system for our rental operations. This has enabled us to accelerate the centralisation of financial controls, in particular in the areas of rental asset investment and price management. We have also started to see benefits from increased inter-company sub-rental of equipment, which will lead to better inventory utilisation.

We have also made progress in harmonising our calibration IT systems, and have been able to introduce better workload planning across our European branches. This, in turn, is leading to improved operational productivity.

A handwritten signature in black ink, appearing to read 'Ian R Fraser', with a long horizontal line extending from the end of the signature.

Ian Fraser

Brammer

2002 has been a difficult and testing year with sustained adverse trading conditions.

OVERVIEW

Many parts of our business, particularly Brammer Industrial Services and the calibration and management services businesses in Livingston are producing encouraging results in difficult market conditions, however further deterioration has been evident in Livingston's rental markets. We re-sized our rental inventory throughout the year, reducing the gross book value of rental inventory by 28%, generating cash and reducing net borrowings by £19.6 million.

TURNOVER

Our turnover has reduced by 9% in the year of which continental Europe accounted for a 6% fall and the UK a 3% fall.

GOODWILL

Goodwill in the balance sheet stands at £43.9 million at the end of the year (2001 £44.9 million). This increased by £1.5 million of acquired goodwill in respect of the Awexim and Britannia acquisitions and reduced by £2.5 million of amortisation.

PROFIT

The result for the year was a loss on ordinary activities after tax of £3.7 million (2001 £6.8 million loss).

Group profit before goodwill, exceptional items and interest was down 58% in the year at £10.2 million. Brammer Industrial Services was down 19% on 1% lower turnover. Livingston made a £0.6 million loss on 25% lower turnover. Group profit before goodwill and interest but after exceptional costs was up £0.8 million at £1.5 million.

EXCEPTIONAL CHARGES

As reported at the half year, in order to protect profitability, we have taken decisive action to size our overheads to match current levels of revenue. Accordingly we have taken an £8.7 million exceptional charge to cover the cost of this restructuring and to cover losses on disposal of assets. At the year-end we have utilised £5.8 million of this exceptional provision, reducing overhead run-rate by 9%.

During the year we have utilised £16.0 million of the impairment provision at the end of 2001 on losses on disposal principally in our computer products divisions and the write downs of assets.

TRADING DURING THE YEAR

Group turnover fell year on year, but the rate of decline has slowed. Our underlying profit before goodwill, exceptional items, interest and tax in the second half year was £3.3 million – 48% of the first half year. The Brammer Industrial Services and Livingston half year split of turnover and underlying profit was as illustrated below.

Brammer Industrial Services' second half turnover is 3% up on second half 2001 and profit is down 1% on the comparable period. This is a good recovery following the 4% decline in turnover and 31% decline in profit in the first half (compared to the first half of 2001).

Livingston's turnover is down 11% in the second half of 2002 compared to the first half of 2002. This is a slowing of the decline from the 19% drop seen in the first half 2002 against second half 2001. The £5.7 million lower turnover results in a profit before goodwill, exceptional items, interest and tax down £3.4 million in the second half.

Most fundamentally, the group has suffered from the heavy operational gearing present in our rental business.

INTEREST

The interest charge for the year of £4.1 million reflects the reduction in net borrowings through the year. Our profit before goodwill and exceptional items cover of interest is 2.5x and represents an effective interest rate of 5.2% (2001 5.7%).

TAX

The tax credit for the year of £1.5 million includes a £3.5 million refund being tax reclaimed for prior years. We have adopted FRS 19 and fully recognised deferred tax assets where appropriate.

CASH FLOW

We have reduced net debt from £82.3 million at the end of 2001 to £58.2 million on a constant exchange rate basis (£62.7 million at closing rates) at the end of 2002. We generated £14.0 million of cash through rental asset disposals (2001 £22.2 million) and reduced rental asset purchases from £71.8 million in 2001 to £22.7 million in 2002.

TREASURY

One of our measures is "EBITDA" (earnings before interest, tax, depreciation, amortisation and exceptional items and after associates). This reduced to £51.1 million for the year (2001 £75.0 million).

In December 2002 the group successfully concluded negotiations regarding its banking facilities with HSBC and Royal Bank of Scotland. The new facilities are a £60.0 million four year term loan and a £40.0 million revolving 365 day facility convertible to a one year term loan. We are trading comfortably within the limits of the covenants included in these facilities.

18 FINANCIAL REVIEW

	First half £'m	Brammer Industrial Services Second half £'m	Full year £'m	First half £'m	Second half £'m	Livingston Full year £'m
2002						
Turnover	119.3	119.5	238.8	52.4	46.7	99.1
Underlying profit	5.5	5.3	10.8	1.4	(2.0)	(0.6)
2001						
Turnover	124.6	116.1	240.7	67.1	64.5	131.6
Underlying profit	7.9	5.4	13.3	6.7	4.4	11.1

The directors consider the group to have adequate resources to continue operations for the foreseeable future and therefore have adopted the going concern basis in the preparation of the financial statements.

During 2002 we successfully implemented a central euro cash pool for our operations in France, Germany, Holland and the UK, which is enabling us to operate our daily fund management with greater efficiency.

The companies in the group mostly trade within their domestic markets in their local currency. Where companies trade into export markets this is generally at the behest of their domestic customers who trade globally. Group companies account in their local currency, either in sterling or euros, and at 31 December 2002 £77.6 million (63%) of the group's tangible operating assets, were held in sterling and £45.9 million (37%) were held in euros.

The group does not enter into speculative currency transactions but from time to time will use derivative financial instruments to hedge particular transactions back into the operating company's domestic currency.

During the fourth quarter net assets denoted in euros reduced due to a number of factors. We now anticipate that completion of the THF acquisition will be mainly in local currency not shares, and have transferred rental assets to the UK. We are considering settling certain of our euro liabilities through additional sterling borrowings during 2003.

Net operating assets and financing by currency at 31 December 2002 were as illustrated below.

We had net borrowings of £62.7 million at 31 December 2002, equal to 1.23 EBITDA. The consolidated trading profit before goodwill, exceptional items and interest covers the net interest payable 2.5x, and net worth is £60.8 million. We will continue to focus on generating cash.

AUDITORS

We welcomed PricewaterhouseCoopers as our external auditors last year and believe we continue to benefit from a fresh view of our business.

2002 has been a difficult and testing year with sustained adverse trading conditions. We have concentrated on producing cash and reducing borrowings whilst cutting the size of our rental asset base and overheads to levels more appropriate for current turnover.

We have strengthened internal control processes and senior financial executives in the group. As a consequence we are in a much improved position to face the forthcoming year.



Paul Thwaite

	Net operating assets £'m	Financing £'m	Net assets employed £'m
Currency			
Sterling	77.6	2.0	79.6
Euro	45.9	(64.7)	(18.8)
	123.5	(62.7)	60.8
Taxation	(2.1)	2.1	—
Dividends	1.4	(1.4)	—
Goodwill	(43.9)	43.9	—
	78.9	(18.1)	60.8

Brammer

DAVID DUNN *+* (age 58)

Independent non-executive chairman

Joined the Brammer board in November 2001 as chairman and is also chairman of the nominations committee. After qualifying as a chartered accountant, his early career was spent with BPB Industries plc, Lex Service Group plc and Newman Industries plc. In 2002 he retired as non-executive chairman of Scapa Group plc, where he had also served since 1997 as finance director and chief executive. He is also a non-executive director of Croda International plc, FirstGroup plc and 4imprint Group plc.

CHRIS CONWAY *+* (age 58)

Independent non-executive director

Appointed to the board in 1997. He was chairman and chief executive of Digital Equipment Co Ltd, director of IBM (UK) Ltd, vice president of Compaq Computer EMEA BV and non-executive director of Granville plc. Currently, he is chairman of Global People Network Holdings PLC and Detica Group PLC, and a non-executive director of Vistorm Ltd.

JEAN-MARIE FINK (age 58)

Director

Appointed to the board in 1994. He graduated in economics from the University of Strasbourg and joined INA France in 1968 in sales and marketing. He is managing director of Roulement Service SAS, which he co-founded in 1974 and was bought by Brammer in 1992.

IAN FRASER ★ (age 47)

Chief executive

Appointed to the board in 1998. He has an Oxford MA and a Harvard MBA. He held appointments in sales, marketing and finance with Exxon Corporation both in the UK and USA. At Raychem Corporation he held senior roles in sales, marketing, manufacturing and general management. He became managing director of Reliance Security Services Ltd in 1991 and was appointed their group managing director in 1993.

DAVID HOLLYWOOD (age 56)

Director

Appointed to the board in 1991. He was chief executive of Livingston between 1991 and 1999 and then became chief executive of Brammer Industrial Services. He is a chartered accountant and spent 12 years with KPMG in Scotland, USA and Belgium. He held a variety of financial management positions with Wilkinson Match plc before joining Raychem Corporation where he held various general management posts in the UK, continental Europe and USA.

ROBERT HOUGH DL *+★ (age 57)

Senior independent non-executive director

Appointed to the board in 1993 and became deputy chairman and senior independent non-executive director in 1998. He is also chairman of the audit committee. He has a law degree from Bristol University and was a partner for nearly 15 years in a commercial firm of solicitors in Manchester. From 1989 to 2001 he was executive deputy chairman of the property and transport group, Peel Holdings p.l.c. and in 2002 became non-executive deputy chairman and continues as chairman of Peel Airports. He is also chairman of New East Manchester Urban Regeneration Company, non-executive deputy chairman of QA plc and a non-executive director of the Cheshire Building Society.

KEVIN MELLOR *+★ (age 56)

Independent non-executive director

Appointed to the board in 1997. He is chairman of the remuneration committee. He has held a wide range of executive positions with Exxon Corporation, BET plc, Tibbett & Britten plc and Transport Development Group plc. Currently he is president, Europe, Middle East & Africa with BAX Global.

PAUL THWAITE (age 49)

Finance director

Joined Brammer in February 2002 and appointed to the board in May 2002. After graduating with a degree in Biochemistry, he took an MBA at the Manchester Business School and then qualified as an accountant. He worked for ICI and BBA in a variety of international posts before joining Siebe where he held a number of positions including managing director of Eliwell and group controller. After the merger between Siebe and BTR, he became chief finance officer of Invensys Controls Division based in USA.

ELIZABETH BLEASE (age 36)

Company secretary

Appointed group secretary in February 2000. Qualified as a solicitor in 1992 and joined Brammer in 1997.

- * Remuneration committee
- + Audit committee
- ★ Nominations committee

Brammer

Leading value added supplier of power transmission components and related inventory management, procurement and logistics services in Europe.

AUSTRIA	AKN GmbH (49% owned) Nico Schön +43 7252 82610 Britannia Wälzlager & Industrietechnik GmbH Christiane Hennig +43 1 369 8753
BELGIUM	AKN NV/SA (49% owned) Nico Schön +32 3546 7878 Anderlecht Bearing Services SA (87.2% owned) Pierre Mylemans +32 2558 1590
CZECH REPUBLIC	AWEXIM sro (51% owned) Petr Weissner +42 02 671 07285
FRANCE	Roulement Service SAS Jean-Marie Fink +33 3 88 40 40 88
GERMANY	THF GmbH & Co. KG (51% owned) Walter Poss +49 721 7906 302 Carl Fischer GmbH & Co. KG (51% owned) Walter Poss +49 (0) 40 7342 000
HOLLAND	KNS Aandrijftechniek BV (49% owned) Nico Schön +31 23 5 164164
HUNGARY	THF HU Kft (51% owned) Péter Halász +36 1 450 0141
PORTUGAL	Sociedade de Rolamentos, SDR SA (25% owned) Alfredo Lima +351 22 619 8320
SPAIN	Rodamientos USA, SA José Ignacio Olave +34 94 457 94 00
UNITED KINGDOM	BSL Limited David Hollywood +44 (0)161 953 8600

KNS Aandrijftechniek BV, AKN GmbH, AKN NV/SA and Sociedade de Rolamentos SDR, SA are accounted for as associates by the group. All other companies are accounted for as wholly owned subsidiaries as the group has effective ownership of those companies.

Outsourced management of technology tools, including computing and test and measurement equipment via rental and related logistics, calibration management and other management services, to global customers in a wide variety of industries.

BELGIUM	Livingston NV Raymond Groebbe +32 15 286 286
CZECH REPUBLIC	Livingston Electronic Services s.r.o. Daniel Dusek +42 02 717 24 511
FRANCE	Climats SA Sapratin SA Herve Dinant +33 5 56 20 2525 Livingston SA Alain Fux +33 1 45 12 6565 Somelec SA Alain Fux +33 1 56 70 3622 TIS-Livingston SA Alain Fux +33 1 45 12 6565
GERMANY	Livingston Electronic Services GmbH Livingston Calibration GmbH Volker Tegeder +49 6151 93440
HOLLAND	Livingston B.V. Raymond Groebbe +31 318 524607 Livingston Calibration BV Steve Brown +31 793 430000
ITALY	Livingston Electronic Services srl James Burridge +39 02254 0831
SPAIN	Livingston Electronic Equipment Services, SA Volker Tegeder +34 91 372 60 53
UNITED KINGDOM	Livingston UK Limited Ian Fraser +44 (0)208 943 5151 (Ireland) +35 31 842 500

All companies listed above are incorporated in the country under which they listed and are wholly owned by the group except where indicated. All companies are owned through intermediate holding companies, principally Brammer Industrial Services Limited and Livingston Services PLC. Further subsidiaries have not been shown because they are dormant or not material.

REGISTERED OFFICE

Brammer plc
Station House
Stamford New Road
Altrincham
Cheshire WA14 1EP

Registered in England and Wales number 162925

BANKERS

HSBC Bank plc
8 Canada Square
London E14 5HQ

Royal Bank of Scotland plc
280 Bishopsgate
London EC2M 4RB

Société Générale SA
Paris Etoile Entreprises
33 Avenue de Wagram
BP 963
75829 Paris Cedex 17
France

REGISTRARS

Lloyds TSB Registrars
The Causeway
Worthing
West Sussex BN99 6DA

AUDITORS

PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester M2 3PW

FINANCIAL ADVISERS

Dresdner Kleinwort Wasserstein Limited
PO Box 560
20 Fenchurch Street
London EC3P 3DB

SOLICITORS

Slaughter and May
One Bunhill Row
London EC1Y 8YY

STOCKBROKERS

Dresdner Kleinwort Wasserstein Limited
PO Box 560
20 Fenchurch Street
London EC3P 3DB

24 BRAMMER AND ITS ADVISERS

BRAMMER PLC ACCOUNTS 2002

Brammer

26 BRAMMER DIRECTORS' REPORT

The directors present their annual report for the year ended 31 December 2002.

Principal activities of the group

Brammer plc is a holding company. Its principal operating subsidiaries and associates, all of which are wholly owned except where stated, are listed earlier in this document together with details of their activities and locations.

The principal activity of the group is the provision of high value added, European wide, business to business services, namely

- Leading value added supplier of power transmission components and related inventory management, procurement and logistics services in Europe.
- Outsourced management of technology tools, including computing and test and measuring equipment via rental and related logistics, calibration management and other management services, to global customers in a wide variety of industries.

Financial results and dividend

The chairman's statement and the chief executive's and financial reviews report on the group's activities during the year and likely future developments.

The directors recommend a final dividend of 3.0p per ordinary share for the year ended 31 December 2002 (2001 12.6p), which, together with the interim dividend of 1.5p (2001 6.7p) per ordinary share, brings the total dividend paid and proposed to 4.5p (2001 19.3p) for the year. Subject to the approval of shareholders at the annual general meeting, the final dividend will be paid on 2 July 2003 to all shareholders on the register at close of business on 30 May 2003.

Directors

Details of the directors of the company are shown on pages 20 and 21. All directors served throughout the year with the exception of Paul Thwaite who was appointed to the board on 30 May 2002. John Cumming resigned as a director on 26 July 2002. Mel Porter resigned as a director on 11 March 2003. All directors are subject to retirement by rotation under the company's articles of association.

The directors retiring by rotation are Chris Conway, Jean-Marie Fink and Kevin Mellor, who being eligible, offer themselves for re-election. Paul Thwaite retires as he was appointed since the last annual general meeting and offers himself for election.

Jean-Marie Fink's employment contract is renewable for one year periods from 6 August each year.

Kevin Mellor and Chris Conway serve the company in a non-executive capacity. Mr Mellor was appointed in February 1997 for a fixed three-year term which was renewed for a further term of three years in 2000. Mr Conway was appointed in October 1997 also for a fixed three-year term. His appointment was renewed for a second term of three years in November 2000. Subject to shareholders approval, the company will renew the appointments of Mr Mellor and Mr Conway each for a further term of three years.

Paul Thwaite's service contract provides for one year's notice to be given in the event of his employment being terminated.

Further details of the directors' service contracts are set out in the remuneration report.

Directors' interests

The beneficial interests of the directors and their immediate families in the shares of the company are set out in the remuneration report.

Substantial shareholdings

As at 11 March 2003, the company had notification that the following were interested in 3% or more of the company's issued share capital.

Fidelity International Limited/FMR Corp	13.01%	Prudential plc (and certain of its subsidiaries)	4.96%
Newton Management Limited	11.03%	Artemis Unit Trust Managers Ltd	3.75%
Credit Suisse	10.50%	Royal & SunAlliance Insurance Group plc	3.57%
AXA Investment Managers UK Ltd	8.18%	Phillips & Drew Life Limited	3.47%
Hermes Pension Management Ltd	7.08%		

Charitable and political donations in the United Kingdom

Charitable donations made during the year amounted to £223 (2001 £1,663). No political donations were made (2001 nil).

27 BRAMMER DIRECTORS' REPORT

Payment to suppliers

The group's policy is normally to pay suppliers according to agreed terms of business. These terms are agreed with suppliers upon entering into contracts and the group's policy is to adhere to the payment terms providing the supplier meets its obligations. The company is a holding company and had no trade suppliers at the end of the financial year. The company does not follow any standard code in respect of payments to suppliers. Creditor days for the company's UK subsidiary companies are shown in their financial accounts. Because of the varied countries in which the group trades a group creditor days' figure would not be meaningful.

Employees

The group values the commitment of its employees and recognises the importance of good working relationships and communication.

The group is committed to open and regular communications with employees about business developments and issues of general interest to them, both on a formal and informal basis. The performance of the group is communicated regularly to all staff. Copies of the annual report together with details of preliminary and interim announcements of the group's results are available to them. Translations of the executive statements are available for the group's French, German and Spanish employees.

In 2000 a formal human resources policy framework was adopted throughout the group. The framework includes a process of appraisal and development to ensure companies get the best from their people; emphasis has been placed on career pathways with individual training and development programmes. Motivational events have been organised for each division during the year. The group operates internationally and therefore its employment policies are varied to meet local conditions and requirements. These are established on the basis of the best practice for each individual country. New and existing staff at all levels are trained to become familiar with products, markets, systems, service standards and management skills in order better to satisfy customer needs and to enhance their own career prospects. In 1999 the Brammer European Council was established with each company in the group selecting a representative. The council meets once in each year.

Both employment policy and practice in the group are based on non-discrimination and equal opportunities. The company remains supportive of the employment and advancement of disabled persons.

In the UK the company encourages employees' participation in the group's progress through a savings related share option scheme. Full-time staff who have completed one year's qualifying service, have been invited periodically to participate in the company's savings related share option scheme.

Environmental and health and safety policies

The company acknowledges that the health, safety and welfare at work of all of the group's employees is a major responsibility of management. The company has a comprehensive policy embracing health and safety matters with the objective of ensuring that procedures conform to current best practice. Each subsidiary has adopted its own procedures to meet the group's objectives. Health and safety reports are made to group and division boards.

The company regards compliance with relevant environmental laws as an important part of its responsible approach to the environment and is committed to good environmental management practices throughout its operations. The company has adopted a group environmental policy. It is the responsibility of each subsidiary to comply with this policy by implementing initiatives to meet their own exposures and responsibilities. Implementation of the policy will be monitored by the company.

Auditors

Following the conversion of PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned as auditors on 30 January 2003. The directors, at a meeting on 30 January 2003, appointed PricewaterhouseCoopers LLP to fill the casual vacancy created by the resignation. Accordingly, a resolution to formally appoint PricewaterhouseCoopers LLP will be submitted to shareholders at the annual general meeting.

Annual general meeting

The annual general meeting of the company is to be held at 1:00pm on Thursday, 29 May 2003 at the Hilton London Heathrow Airport, Terminal 4, Heathrow Airport, Hounslow, Middlesex TW6 3AF.

The notice of meeting appears in the document accompanying this report and accounts. Four resolutions will be proposed as items of special business at the meeting and explanations of these resolutions are given in the enclosed circular.

By order of the board

Elizabeth Blease

Secretary

11 March 2003

28 BRAMMER CORPORATE GOVERNANCE

The board is accountable to the company's shareholders for good corporate governance. Its policy is to manage the affairs of the company in accordance with the principles of Good Governance and the Code of Best Practice set out in section 1 of the Combined Code on Corporate Governance appended to the Listing Rules of the UK Listing Authority ("the Combined Code"). The board confirms that the company has complied with the Combined Code in all respects except that three of the executive directors' service contracts provide for notice periods in excess of one year; the background to and reasons for this are given in the remuneration report. John Cumming retired as a director on 26 July 2002. His contract provided for a two year notice period.

The following parts of this report describe the board's approach to corporate governance and how the principles of the Combined Code are applied.

Part A: Directors

All directors are equally responsible for the proper stewardship of the company. All the non-executive directors are independent of the company's executive management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. The deputy chairman, Robert Hough, is the senior independent non-executive director.

The positions of chairman and chief executive are held by separate individuals and the board has clearly defined their responsibilities. The chairman is primarily responsible for the effective working of the board while the chief executive has responsibility for all operational matters.

The board meets on a regular basis. All directors are supplied, in a timely manner, with all relevant documentation and financial information to assist them in the discharge of their duties. This includes information on the company's operational and financial performance. The board regularly reviews the management and financial performance of the company, as well as long term strategic planning and risk assessment. The board has a formal schedule of matters specifically reserved to it for decision. This schedule is reviewed periodically by the board.

The board has adopted an internal governance policy which assists it in operating effectively. This policy includes training for new directors, the role of the company secretary and access to independent professional advice where appropriate.

Some specific responsibilities, which have been reserved to the board, have been delegated to committees of the board including the audit, remuneration and nominations committees.

The nominations committee and the board seek to maintain an appropriate balance between the executive and non-executive directors. The nominations committee is chaired by David Dunn and consists of all the non-executive directors and the chief executive. It considers and makes recommendations to the board on its composition and balance. It is also responsible for recommending suitable candidates for appointment to the board.

Part B: Directors' remuneration

Details of directors' remuneration are set out in the remuneration report. The report details the company's compliance with the Combined Code's requirements with regard to remuneration matters.

Part C: Relations with shareholders

The board is accountable to shareholders for the company's continued success. The company accordingly places great emphasis on maintaining good communications with shareholders. The chairman, chief executive and finance director meet regularly with major shareholders to discuss the group's performance, strategic issues and shareholder investment objectives. The annual and interim reports together with the Brammer web site are substantial means of communication with all shareholders during the year.

The notice of the annual general meeting, together with the circular providing an explanation of the resolutions, accompanies this report and accounts. The notice is dispatched to shareholders, together with explanatory notes or a circular on items of special business, at least 20 working days before the meeting. The board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the annual general meeting. The chairmen of the audit, remuneration and nominations committees will normally be available at the meeting to answer those questions relating to the work of these committees.

The company counts all proxy votes. At the annual general meeting, the chairman will inform shareholders of the level of proxies lodged on each resolution. The votes for and against each resolution are given following the show of hands for that resolution.

Part D: Accountability and audit

The respective responsibilities of the directors and auditors in connection with the financial statements are explained in the statement of directors' responsibilities and the auditors' report.

29 BRAMMER CORPORATE GOVERNANCE

Internal control

Internal controls are designed to manage rather than eliminate risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board is responsible for the company's system of internal control and for reviewing its effectiveness. The directors have conducted a review of the effectiveness of the group's system of internal control during the year. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the company; this has operated throughout the year and into 2003. The board reviews the results of the process.

Operational structure, review and compliance

Together with board reviews, there are regular divisional meetings to review operating performance, plans, risks and controls.

In Brammer Industrial Services there are regular review meetings between the divisional team and country managing directors. The divisional team takes responsibility for finance, IT, the development of pan-European supplier relationships and the development of corporate account activity, which complements the work done within each of the subsidiaries. The increasing importance to Brammer Industrial Services of European supplier agreements and customer contracts has made the role of this team all the more relevant. Each Brammer Industrial Services business already has an established enterprise resource planning ("ERP") system; the overall strategy is to enhance the communication between these systems as part of a process of continuous improvement of the management and control of the inventory and the sales order process.

In Livingston there are regular divisional meetings of country managing directors and business meetings for the three business streams, as well as regular meetings of the senior finance managers. These meetings provide a forum to establish policies and identify best practice. Livingston is nearing completion of the process to implement e-result as the ERP system throughout the rental business; this is providing operational benefits, as well as enabling improved central monitoring and corporate control by applying division-level controls centrally across the entire rental business.

Brammer has had a finance manual in place for many years; it was expanded in 2001 to become a corporate manual with a wider range of contents, reflecting the evolution in corporate governance from financial internal control to aspects of internal control. As reporting requirements and accounting standards evolve it is important that this manual is reviewed on a regular basis.

In addition to the group finance director, the group now has senior financial managers at head office and at each division. These three managers are invited to attend certain audit committee meetings to present an updated assessment of their respective areas of the business and the risks and controls therein. The board regularly considers whether the company should have an internal audit department; some subsidiaries have their own internal audit function and this year the board will undertake a thorough review to determine whether this is now the appropriate time to introduce internal audit across the group.

Following the creation of two clear divisional structures, those divisions have instituted internal monthly self-assessment processes at subsidiary level, tailored to their respective operations; these assessments are submitted to Brammer and their respective divisional teams for review. Monthly financial results of each subsidiary are reviewed at divisional and group level; the monthly review includes divisional meetings where performance and action plans are presented to the Brammer chief executive, finance director and financial controller. This culminates in reports that cover operational, financial and control reviews being submitted to the board.

These control processes are under continuing review to ensure adequacy for the purpose and efficient working in furtherance of their objectives.

Risk management

The subsidiaries are required to carry out periodic risk assessments of their business and submit them to the divisional teams. Taking account of risks identified during these reviews and other processes such as the divisional meetings described above, this is distilled into a divisional 'Turnbull risk assessment' that is designed to summarise the key operational risks to each division, how those risks are evolving and how they are being mitigated. The risk assessment is presented to the board on a regular basis. A separate review is carried out at Brammer that focuses on corporate risks.

Brammer's insurance continues to be managed and co-ordinated centrally with the assistance of insurance brokers. This gives full visibility of both claims history and the insurance industry's perception of the group's overall risk via the respective insurance premiums. Brammer examines the size and trend of these premiums and the extent to which the group can mitigate the risks and reduce the overall risk burden in the business by considering the appropriate level of deductible and the potential benefit of self-insurance in some areas.

30 BRAMMER REMUNERATION REPORT

The remuneration committee ("the committee") members are Chris Conway, David Dunn, Robert Hough and Kevin Mellor, who are all independent non-executive directors. Mr Mellor is the chairman of the committee. Members of the committee have no personal financial interest in the company other than as shareholders and the fees paid to them as non-executive directors. They are not involved in the day-to-day running of the company.

Ian Fraser, as chief executive, although not a member of the committee, on occasions and for matters not related to himself, may be invited to attend meetings. He is consulted by the committee on proposals relating to the remuneration of the other executive directors and appropriate senior executives.

Role of the committee

The committee, on behalf of the board, determines and approves remuneration policy for the group and all elements of the remuneration arrangements for executive directors.

On the board's behalf, the committee approves the general recruitment terms, remuneration benefits, employment conditions and severance terms for senior executives and determines the specific recruitment terms, remuneration benefits, employment conditions, pension rights, compensation payments and severance terms for the executive directors. It also approves the rules and associated guidelines for the granting of executive share options and savings related share options.

The remuneration committee has its own terms of reference which are periodically reviewed by the committee and the board.

The chairman of the company and the chairman of the remuneration committee are available to shareholders to discuss remuneration policy.

In its deliberations, the committee gives full consideration to the principles of good governance and the code of best practice within the Combined Code on Corporate Governance.

General policy

The committee and the board recognise that in order to attract, retain and motivate talented senior executives it is necessary to operate a competitive pay and benefits structure. The committee aims to reward executives fairly and responsibly for their contribution to the company's performance but avoids paying more than necessary to achieve this objective.

In setting all elements of remuneration, the committee is guided both by published surveys and by specific studies commissioned from time to time by the committee from independent specialist consultants. It takes professional advice from within and outside the company. During the year, the committee has taken advice from Monks Partnership (the Executive & Management Pay Group of PricewaterhouseCoopers) on market practice with regard to basic salary and for above earnings cap pension provision.

The committee does receive and consider general information on pay and employment conditions around the group, especially when determining annual salary increases.

Performance related pay

The committee and the board seek to link a significant proportion of the remuneration package to individual specific performance and to the financial performance of the group. The policy of the committee is to align directors' interests with those of shareholders and to give these executives keen incentives to perform at the highest levels.

Performance related elements of the remuneration package are the annual bonus schemes and the executives' share option schemes, including the new Share Performance Plan. Further details of these benefits are set out below.

All directors are encouraged to be shareholders of the company.

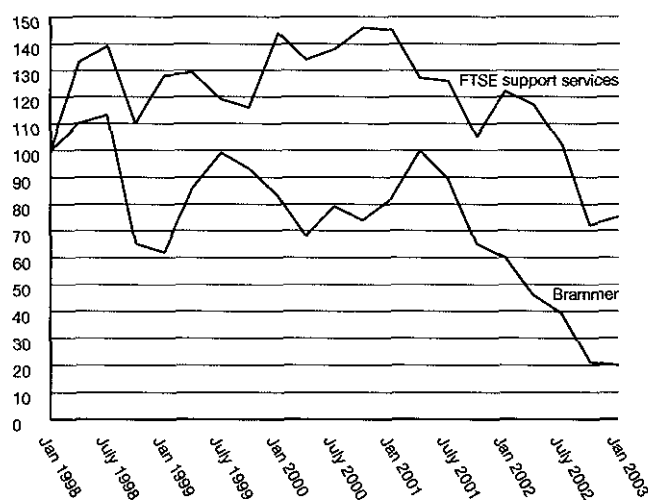
31 BRAMMER REMUNERATION REPORT

Total shareholder return graph

Set out opposite is a graph showing the company's total shareholder return ("TSR") over the last five years. It is compared to the TSR of the FTSE support services sector of which Brammer is a member. As the company has two distinct divisions there are no direct comparative companies. The committee has selected this group as it combines a wide number of diverse businesses which collectively provide a comparator group.

Remuneration of executive directors

The components of the remuneration packages for the executive directors are set out below. John Cumming resigned as a director during the year and Mel Porter resigned as a director on 11 March 2003.



Basic salary

The committee seeks to pay salaries which take account of individual performance and are similar to those paid in comparable companies. The committee uses comparisons with caution to avoid increasing remuneration levels without a corresponding improvement in performance. Basic salary is reviewed at 31 December each year. There were no salary increases in 2002.

Annual bonus

The committee sets bonus targets to create incentives for executive directors to perform at the highest level and to align their interests with those of shareholders. Bonuses are not pensionable.

On the achievement of quantified financial and non-financial targets, awards of up to 60% of annual salary can be made. Maximum bonus will only be paid in years of exceptional performance. For 2002 the remuneration committee set a performance related bonus scheme for executive directors based on achieving stretching earnings per share and cash production targets. Up to 35% of salary will be payable for achieving the earnings per share target and 15% for achieving the group cash production target. A maximum of 10% of salary would be awarded for the achievement of challenging personal objectives. Targets are based on group performance for the year. In considering executive bonus payments for 2002 the committee was mindful of group performance during the year. Although some of the targets had been achieved the committee felt that it was appropriate to exercise its discretion and accordingly approve reduced bonus payments which reflected group and individual performance.

The bonus scheme for 2003 is set on principles similar to those in the 2002 scheme.

Executive share option schemes

The company currently operates executive share option schemes which were approved by shareholders in 1995 and 1997. The 1997 scheme has been approved by the Inland Revenue. Under these schemes executive directors and senior executives have been granted options to acquire ordinary shares in the company after a period of three years from date of grant. The committee considers the performance criteria on each occasion that options are granted. It seeks to set targets which are line with market practice and align the interests of these directors with shareholders. Options may not be granted at an option price less than the market value at the date of grant. Details of the performance targets are set out in the notes to the share option table below. On each occasion that options are granted, the committee reviews the performance targets taking account of market practice. When the committee believes it to be appropriate it will take external advice.

In determining whether performance targets have been met the earnings per share figures are taken from the published accounts and the published retail price index for the same period.

There are a small number of executive share options which do not have attaching performance targets. These options were granted in 1994 and 1995 when best practice did not require performance targets to be set.

32 BRAMMER REMUNERATION REPORT

Share performance plan

At the annual general meeting in 2002 shareholders approved the Brammer plc Performance Share Plan ("the Plan"). The Plan will enable executive directors and senior executives to acquire shares in the company, at no cost, upon the achievement of performance targets. Directors and executives who participate in the Plan will not receive options under the company's executive share option schemes. At the time of adoption by shareholders the directors stated that awards under the Plan would be subject to earnings per share ("EPS") growth targets. This target was set by the committee having taken external advice on market practice. Participants would only receive the full award if the company's EPS over three financial years had increased by 40% in real terms. No options have been granted under this Plan and the first awards to be made will adopt this performance target.

The committee considered granting options under the Plan following the announcement of the company's interim results in September 2002. Awards under the Plan would be satisfied by the purchase of shares. At the time the committee considered the extremely volatile markets, particularly within the telecom and IT sectors, and the significantly reduced profitability of the group. In these circumstances it was felt that until the company had entered a more stable earnings environment it would be inappropriate to grant awards. The intention is to do this during 2003.

The UK executive directors may participate in the savings related share option schemes which were approved by shareholders in 1989 and 1999. These schemes are approved by the Inland Revenue.

Directors' options

Options on shares held by directors at 31 December 2002 were as follows

	31 December 2001	Granted (exercised)	31 December 2002	Exercise price pence	Market price on date of exercise pence	Gains on options exercised £	Date from which exercisable	Expiry date
Jean-Marie Fink								
Discretionary	20,000	—	20,000 ¹	310.0			8 Apr 1997	8 Apr 2004
	25,000	—	25,000 ¹	355.0			19 Apr 1998	19 Apr 2005
	20,000	—	20,000 ²	513.0			29 Mar 1999	29 Mar 2006
	15,000	—	15,000 ²	576.0			9 Sep 2000	9 Sep 2007
	15,000	—	15,000 ²	380.0			15 Sep 2001	15 Sep 2008
	10,000	—	10,000 ²	515.0			10 Sep 2002	10 Sep 2009
	7,500	—	7,500 ³	338.5			6 Sep 2004	6 Sep 2011
	112,500	—	112,500					
Ian Fraser								
Discretionary	100,000	—	100,000 ²	335.0			6 Oct 2001	6 Oct 2008
	24,000	—	24,000 ²	515.0			10 Sep 2002	10 Sep 2009
	65,000	—	65,000 ²	390.0			12 Sep 2003	12 Sep 2010
	66,469	—	66,469 ²	338.5			6 Sep 2004	6 Sep 2011
Savings related	6,515	—	6,515	254.0			1 Dec 2006	1 June 2007
	261,984	—	261,984					
David Hollywood								
Discretionary	25,000	—	25,000 ¹	355.0			19 Apr 1998	19 Apr 2005
	20,000	—	20,000 ²	513.0			29 Mar 1999	29 Mar 2006
	15,000	—	15,000 ²	576.0			9 Sep 2000	9 Sep 2007
	10,000	—	10,000 ²	380.0			15 Sep 2001	15 Sep 2008
	10,000	—	10,000 ²	515.0			10 Sep 2002	10 Sep 2009
	8,613	—	8,613 ²	390.0			12 Sep 2003	12 Sep 2010
	44,313	—	44,313 ³	338.5			6 Sep 2004	6 Sep 2011
Savings related	6,515	—	6,515	254.0			1 Dec 2006	1 June 2007
	139,441	—	139,441					

33 BRAMMER REMUNERATION REPORT

	31 December 2001	Granted (exercised)	31 December 2002	Exercise price pence	Market price on date of exercise pence	Gains on options exercised £	Date from which exercisable	Expiry date
Mel Porter								
Discretionary	53,000	–	53,000 ²	494.0			6 Oct 2002	6 Oct 2009
	45,000	–	45,000 ²	390.0			12 Sep 2003	12 Sep 2010
	42,836	–	42,836 ³	338.5			6 Sep 2004	6 Sep 2011
	15,164	–	15,164 ⁴	338.5			6 Sep 2004	6 Sep 2011
Savings related	6,515	–	6,515	254.0			1 Dec 2006	1 June 2007
	162,515	–	162,515					

Paul Thwaite

Discretionary	–	–	–					
Savings related	–	–	–					

	31 December 2001	Granted (exercised)	26 July 2002	Exercise price pence	Market price on date of exercise pence	Gains on options exercised £	Date from which exercisable	Expiry date
John Cumming								
Discretionary	20,000	–	20,000 ¹	310.0			8 Apr 1997	8 Apr 2004
	25,000	–	25,000 ¹	355.0			19 Apr 1998	19 Apr 2005
	20,000	–	20,000 ²	513.0			29 Mar 1999	29 Mar 2006
	7,000	–	7,000 ²	576.0			9 Sep 2000	9 Sep 2007
	6,500	–	6,500 ²	380.0			15 Sep 2001	15 Sep 2008
	28,645	–	28,645 ²	390.0			12 Sep 2003	12 Sep 2010
	30,000	–	30,000 ³	338.5			6 Sep 2004	6 Sep 2011
Savings related	4,261	–	4,261	396.0			1 Dec 2004	1 June 2005
	141,406	–	141,406					

Notes

- 1 No performance related conditions apply to these options.
- 2 Performance related conditions apply to these options. These criteria provide that options can normally only be exercised if, in any period of three consecutive financial years commencing no earlier than the beginning of the financial year in which the option is granted, the growth in the earnings per share of the company has exceeded the retail price index by 2% per annum during the same period.
- 3 The performance target for these options is based on the growth in normalised consolidated fully diluted earnings per share, before goodwill, of the group. Growth will be tested after three years. The options will be exercisable if the growth has exceeded the retail price index by at least 9%. If the condition is not met, it can be retested in the fourth or fifth financial year when growth must be at least 12% or 15% respectively.
- 4 These options are subject to a similar performance target to note 3 above, save that the growth has to exceed the growth in the retail price index by at least 5% per annum.
- 5 The middle market price of an ordinary share at the close of business on 11 March 2003 was 86.5p. The range of prices during the year was 48.5p to 289.0p and at 31 December 2002 the price was 86.5p.
- 6 It is not appropriate to apply a future notional value to these share options as the option price is above the current share price.

Pension

Full information about directors' pension arrangements and entitlements is given below.

Other benefits

Other benefits provided to the executive directors include private healthcare benefits, permanent health insurance (to secure income in the event of ill health or disability), life assurance, contribution to home telephones and a company car or car allowance.

34 BRAMMER REMUNERATION REPORT

Directors' interests

The beneficial interests of the directors and their immediate families in the shares of the company according to the register of directors' interests required to be kept pursuant to section 325 of the Companies Act 1985, are set out below

	31 December 2002 Shares	Ordinary shares of 20p 31 December 2001 Shares
Chris Conway	7,202	7,202
David Dunn	2,500	2,500
Jean-Marie Fink	3,664	3,664
Ian Fraser	30,295	30,295
David Hollywood	67,289	67,289
Robert Hough	11,000	9,000
Kevin Mellor	1,086	1,086
Mel Porter	15,933	15,933
Paul Thwaite ¹	2,000	—

Notes

1 Paul Thwaite was appointed a director on 30 May 2002. The comparative figure is as at the date of appointment.

There were no changes in the above-mentioned interests between 1 January 2003 and 11 March 2003.

No director was materially interested in any contract of significance with the company during the year, save that Jean-Marie Fink had an interest in four properties which are leased to Roulement Service SAS. The terms of the leases were agreed prior to Jean-Marie Fink becoming a member of the board and all of them are considered by the directors to be on acceptable terms and at fair market rents. The total annual rental cost of these properties during the year was £302,113 (2001 £279,388).

Remuneration of non-executive directors

The chairman and the other non-executive directors are paid fees for their services. These directors are paid a standard fee of £17,500 with further fees being payable for additional responsibilities such as being a member or chairman of a committee. These fees are related to the time spent on the company's business and are set at levels similar to those of comparable companies. The non-executive directors, including the chairman, do not participate in bonus, option or pension schemes and they do not receive any benefits in kind.

The remuneration of the non-executive directors, other than the chairman, is approved by the board on the recommendation of the chairman and the chief executive. The remuneration of the chairman is approved by the board on the recommendation of the other non-executive directors and the chief executive.

Service contracts

Each of the executive directors has a service contract with the company.

	Contract date	Notice period
John Cumming ¹	1 Aug 1988	Rolling 2 years
Jean-Marie Fink	6 Aug 1992	Renewable for 1 year periods from 6 Aug
Ian Fraser	1 Jul 1998	Rolling 2 years
David Hollywood	22 Oct 1990	Rolling 2 years
Mel Porter	12 May 1999	Rolling 2 years
Paul Thwaite ²	24 January 2002	Rolling 1 year

Note

1 John Cumming resigned from the board on 26 July 2002.

2 Paul Thwaite was appointed a director on 30 May 2002.

When considering these contracts, the committee has due regard to the provisions of the Combined Code. The committee does consider it desirable to reduce notice periods to one year. In line with this policy when Paul Thwaite was appointed a director in May 2002 his contract included a one year notice period. It is the committee's intention, where appropriate, to follow this policy for any future appointments.

35 BRAMMER REMUNERATION REPORT

If a contract is to be terminated, the committee will determine such mitigation as it considers fair and reasonable in each circumstance and the compensation that may be paid. It will take into account the best practice provisions of the Combined Code and it will take legal advice on the company's liability to pay compensation and the appropriate amount. In the light of the recently published ABI/NAPF joint statement on executive contracts and severance the committee is currently reviewing its termination policy.

The company's practice is to appoint non-executive directors under letters of engagement rather than under service contracts. These letters of engagement set out terms of appointment, usually three years, and it is anticipated that the period will be extended for a second term of three years with the agreement of the board and the non-executive director, although re-appointment is not automatic. In certain circumstances non-executive directors may be invited to serve for further terms if their continued appointment is considered to be in the interests of the company.

David Dunn was appointed in November 2001. His appointment is for a period of three years from 30 April 2002.

Kevin Mellor's initial term of appointment expired in February 2000 and was extended for a further term of three years. This appointment has been renewed for a third period of three years, subject to shareholders approval at the annual general meeting.

Chris Conway was appointed in October 1997 again for an initial term of three years. His appointment was extended for a further term of three years in November 2000.

Both Mr Mellor and Mr Conway are seeking re-election by shareholders at the forthcoming annual general meeting. If re-elected both will be re-appointed for a further three year term.

Robert Hough's initial term of appointment, which expired in September 1996, was renewed for a further term of three years and then for a third term of three years from September 1999. He has now served over nine years as a non-executive director. The board continues to regard him as an independent non-executive director and believes that at the current time, continuity of non-executive directors is in the best interests of the company.

Directors' remuneration and emoluments

The remuneration and taxable benefits in kind of the directors in the year ended 31 December 2002 are set out below. In addition to these emoluments, Ian Fraser, David Hollywood, Mel Porter and Paul Thwaite received payments in respect of salary in excess of the earnings cap. Details of these payments are set out in the pension section below.

	Fees/ salary £'000	Bonus £'000	Benefits (excluding pension and share options) £'000	Payments in lieu of pension contributions £'000	2002 total £'000	2001 total £'000
Non-executives						
Chris Conway	24	—	—	—	24	24
David Dunn (chairman)	85	—	—	—	85	14
Robert Hough	27	—	—	—	27	27
Kevin Mellor	27	—	—	—	27	27
Executives						
John Cumming ¹	82	—	9	—	91	153
Jean-Marie Fink ²	121	24	6	—	151	139
Ian Fraser ³	225	—	16	16	257	240
David Hollywood	150	30	14	9	203	170
Mel Porter	145	—	15	—	160	160
Paul Thwaite ⁴	88	15	7	10	120	—
	974	69	67	35	1,145	954

36 BRAMMER REMUNERATION REPORT

Notes

- 1 John Cumming resigned from the board on 26 July 2002 and left the company on 31 December 2002. Following his resignation, he continued to be available and assist with an orderly handover to Paul Thwaite until the end of the year and received a salary, during this period, of £58,333 and benefits of £5,318. At the end of the year, Mr Cumming received a lump sum of £110,000, of which £80,000 was used to augment his pension benefits.
- 2 Jean-Marie Fink is resident in France and his emoluments were paid largely in euros. The figures stated above reflect the sterling equivalent of amounts paid converted at the 2002 closing exchange rate of €1.534 = £1.
- 3 The highest paid director in the year ended 31 December 2002 was Ian Fraser.
- 4 Paul Thwaite was appointed to the board on 30 May 2002. The table shows salary and benefits from date of appointment.
- 5 Full details of payments made in lieu of pension contributions are set out in the directors' pension entitlements section below.
- 6 The total amount paid to directors, including amounts paid to John Cumming after his resignation as a director, were £1,319,000 (2001 £954,000).

Directors' pension entitlements

Paul Thwaite participates in an approved defined contribution pension scheme ("DC Scheme") which the company introduced in January 2002. The scheme is open to UK employees joining the group after 1 January 2002. The company has contracted to contribute 15% of the earnings cap into the DC Scheme for Mr Thwaite. Due to the Inland Revenue maximum funding limits, not all of the contributions for 2002 have yet been made. The company has contributed £7,000. Maximum funding calculations are being prepared and once these are complete the company will either pay the outstanding £1,505 into the DC Scheme for him or alternatively pay a cash allowance.

The other UK based executive directors participate in a defined benefit non-contributory pension scheme governed by an independent trust. The scheme is approved by the Inland Revenue. The scheme provides, at normal retirement age of 62, and subject to length of service, a pension of up to 2/3rds of pensionable salary at retirement, subject to a minimum of 20 years' service with the company and to Inland Revenue limits. Details of the pension benefits accrued during the year are set out below.

The following directors are members of this scheme and have accrued defined benefits during 2002

	Accumulated total accrued annual pension 31 December 2002 £	Accumulated total accrued annual pension 31 December 2001 £	Increase in accrued pension during the year (net of inflation) £	Transfer value of increase £
John Cumming ³	65,600	42,300	22,600	417,000
Ian Fraser	7,000	5,000	1,900	13,400
David Hollywood	38,200	34,400	3,200	35,200
Mel Porter	10,300	7,000	3,200	19,300

Notes

- 1 The accumulated total accrued pension as at 31 December 2001 has been adjusted for inflation in arriving at the increase in the accrued pension at 31 December 2002. The increase in accrued pension during the year excludes any increase due to inflation.
- 2 The transfer value has been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11, less directors' contributions.
- 3 John Cumming retired on 31 December 2002. As at 31 December 2001 he had a deferred pension entitlement of £59,900 per annum or an immediate pension entitlement on early retirement from deferred status of £42,300 per annum, after allowing for the early retirement reduction factor. The increase in the accrued pension of £22,600 per annum represents the increase (net of inflation) in his immediate pension entitlement. It also includes the company augmentation.
- 4 Neither the contributions nor the resulting benefits from additional voluntary contributions paid are reflected in this table.

37 BRAMMER REMUNERATION REPORT

Set out below are the additional disclosure requirements as set out in the Directors' Remuneration Report Regulations 2002

	Increase in accrued pension during the year £	Transfer value of accrued pension at 31 December 2002 £	Transfer value of accrued pension at 31 December 2001 £	Increase in transfer value £
John Cumming	23,300	1,212,300	788,800	423,500
Ian Fraser	2,000	48,100	45,000	3,100
David Hollywood	3,800	416,500	430,600	(14,100)
Mel Porter	3,300	62,500	55,600	6,900

Note

1 Transfer values have been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11, less directors' contributions.

From joining the company to 30 September 2002, Ian Fraser had chosen to accrue benefit at the rate of 1/60th of pensionable salary for each year of service. On 1 October 2002 Mr Fraser changed his pension arrangements and from that date has accrued benefits at the rate of 1/30th of final pensionable salary for future service. Since joining the company in 1998 an additional payment has been made to Mr Fraser's funded unapproved top-up arrangement ("FURB") to reflect the fact that as a senior executive he was entitled to accrue 1/30th benefits but had elected to accrue benefits at the rate of 1/60th. This additional payment ceased on 30 September 2002. The company has not incurred any additional costs as a result of this change.

For both the defined benefit and defined contribution arrangements, pension entitlement is calculated by reference to basic salary only (subject to the earnings cap) and neither annual bonuses nor benefits in kind are pensionable.

The dependants of each of UK executive directors are eligible for dependants' pensions and payments of a lump sum in the event of death in service.

Ian Fraser, David Hollywood, Mel Porter and Paul Thwaite's pensions from the pension schemes are affected by the Inland Revenue earnings cap on approved pension benefits. The company established FURBs for Ian Fraser, David Hollywood and Mel Porter. The contributions in 2002 were

	2002 £	Contributions 2001 £
Ian Fraser	18,517	37,035
David Hollywood	9,075	18,150
Mel Porter	15,950	15,950

Ian Fraser and David Hollywood elected to exchange part of their FURB entitlement as a cash payment. In addition to the contributions set out above, cash payments were made during the year of £15,651 and £9,075 respectively.

Paul Thwaite receives a cash allowance in place of a FURB. The payments made during the year to Mr Thwaite were £9,856.

Jean-Marie Fink, who is resident in France, contributes to the mandatory French state scheme. Company contributions on his behalf in 2002 were €38,082 (£24,825). In 2001 the contributions were FF283,804 (£26,850).

38 BRAMMER DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on adoption of new accounting standards in the year as explained in the 'Accounting policies' section. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

The directors intend to publish these accounts on the group's web site www.brammer.plc.uk. The maintenance and integrity of this web site is the responsibility of the directors. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

39 BRAMMER INDEPENDENT AUDITORS' REPORT to the members of Brammer plc

We have audited the financial statements which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the statement of accounting policies and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies. We have also audited the disclosures required by Part 3 of Schedule 7A to the Companies Act 1985 contained in the directors' remuneration report ("the auditable part").

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report, the directors' remuneration report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements and the auditable part of the directors' remuneration report in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report, the unaudited part of the directors' remuneration report, the chairman's statement, the chief executive's review and financial review and the corporate governance statement.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of 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 to form an opinion on the effectiveness of the company's or group's corporate governance procedures or its risk and control procedures.

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 and the auditable part of the directors' remuneration report. 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 and the auditable part of the directors' remuneration report 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 2002 and of the loss and cash flows of the group for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- those parts of the directors' remuneration report required by Part 3 of Schedule 7A to the Companies Act 1985 have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Manchester

11 March 2003

40 BRAMMER CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 December 2002

	Notes	2002 £'000	2002 Exceptional items £'000	2002 Total £'000	2001 Total £'000
Turnover	1	337,991	–	337,991	372,284
Cost of sales, including an exceptional charge of £22.7m in 2001		(226,768)	(3,538)	(230,306)	(260,116)
Gross profit		111,223	(3,538)	107,685	112,168
Selling and logistics expenses		(64,775)	(3,078)	(67,853)	(73,152)
Administrative expenses					
Before amortisation of goodwill		(36,861)	(2,084)	(38,945)	(37,946)
Amortisation of goodwill		(2,490)	–	(2,490)	(2,335)
Total administrative expenses		(39,351)	(2,084)	(41,435)	(40,281)
Operating profit/(loss)		7,097	(8,700)	(1,603)	(1,265)
Loss on termination of operations		–	–	–	(1,000)
Share of associates' operating profit		609	–	609	606
Amortisation of goodwill in associates		(62)	–	(62)	(61)
Profit/(loss) on ordinary activities before interest	1,3	7,644	(8,700)	(1,056)	(1,720)
Net interest payable	4			(4,147)	(5,097)
Profit on ordinary activities before goodwill, exceptional items and interest				10,196	24,402
Goodwill				(2,552)	(2,396)
Exceptional items				(8,700)	(23,726)
Interest				(4,147)	(5,097)
Loss on ordinary activities before tax	1			(5,203)	(6,817)
Tax credit/(charge) on loss on ordinary activities	5			1,503	(19)
Loss on ordinary activities after tax				(3,700)	(6,836)
Dividends	6			(2,154)	(9,253)
Retained loss for the financial year	14			(5,854)	(16,089)
Earnings per share					
Basic before goodwill amortisation and exceptional items	7			9.7p	28.1p
Basic	7			(7.7)p	(14.3)p
Diluted	7			(7.7)p	(14.3)p
Dividend per share	6			4.5p	19.3p

The above results for both years relate entirely to continuing operations.

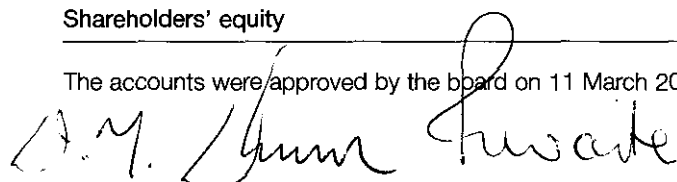
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2002

	2002 £'000	2001 £'000
Loss for the financial year	(3,700)	(6,836)
Exchange differences on foreign currency net investments	–	(208)
Total recognised gains and losses for the year	(3,700)	(7,044)

41 BRAMMER CONSOLIDATED BALANCE SHEET at 31 December 2002

	Notes	2002 £'000	2001 £'000
Fixed assets			
Intangible assets	8	43,921	44,924
Tangible assets	8	55,439	80,652
Investment in associates	9	2,008	1,979
		101,368	127,555
Current assets			
Stock		46,073	45,877
Debtors	10	73,788	76,896
Cash and deposits		11,869	10,576
		131,730	133,349
Creditors – due within one year	11	(101,548)	(95,211)
Net current assets		30,182	38,138
Total assets less current liabilities		131,550	165,693
Creditors – due after more than one year	12	(67,899)	(87,283)
Provisions for liabilities and charges	13	(2,855)	–
Net assets employed		60,796	78,410
Capital and reserves	14		
Called up share capital		9,573	9,573
Share premium account		3,552	3,552
Shares to be issued		3,217	14,977
Profit and loss account		44,454	50,308
Shareholders' equity		60,796	78,410

The accounts were approved by the board on 11 March 2003 and were signed on its behalf by



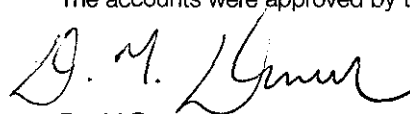
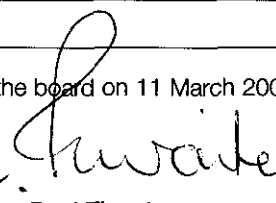
David Dunn
Chairman

Paul Thwaite
Finance director

42 BRAMMER BALANCE SHEET at 31 December 2002

The company	Notes	2002 £'000	2001 £'000
Fixed assets			
Investments	9	47,907	48,285
Current assets			
Debtors – due after more than one year	10	125,429	163,789
Debtors – due within one year	10	5,671	3,111
Cash and deposits		3,650	4,161
		134,750	171,061
Creditors – due within one year	11	(55,139)	(66,654)
Net current assets		79,611	104,407
Total assets less current liabilities		127,518	152,692
Creditors – due after more than one year	12	(66,997)	(81,042)
Net assets employed		60,521	71,650
Capital and reserves	14		
Called up share capital		9,573	9,573
Share premium account		3,552	3,552
Shares to be issued		3,217	14,977
Special capital reserve		12,077	12,077
Profit and loss account		32,102	31,471
Shareholders' equity		60,521	71,650

The accounts were approved by the board on 11 March 2003 and were signed on its behalf by

David Dunn
Chairman

Paul Thwaite
Finance director

43 BRAMMER CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 December 2002

	Notes	2002 £'000	2001 £'000
Net cash inflow from operating activities	15	50,977	70,222
Returns on investments and servicing of finance			
Interest received		214	411
Interest paid		(5,130)	(4,982)
		(4,916)	(4,571)
Tax received/(paid)		2,382	(10,985)
Capital expenditure			
Purchase of tangible fixed assets		(30,332)	(84,674)
Sale of tangible fixed assets		16,787	22,548
		(13,545)	(62,126)
Acquisitions and disposals			
Purchase of subsidiaries and businesses		(828)	(18,489)
Net cash acquired		191	(8,441)
		(637)	(26,930)
Repayment of loan by associate		311	-
		(326)	(26,930)
Deferred consideration paid		(2,879)	(1,047)
		(3,205)	(27,977)
Equity dividends paid		(6,749)	(9,236)
Net cash inflow/(outflow) before management of liquid resources and financing		24,944	(44,673)
Management of liquid resources			
Deposits		(559)	14,075
Financing			
Shares issued		-	455
(Repayment of loans)/new loans taken out		(15,289)	22,479
Capital element of finance leases		(140)	(98)
		(15,429)	22,836
Increase/(decrease) in cash	16	8,956	(7,762)

44 BRAMMER ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared in accordance with applicable accounting standards under the historic cost convention.

The group has adopted the new financial reporting standard FRS 19 'Deferred tax'. This has had no impact on the group's net assets or results and consequently comparative information has not been restated.

The group has capitalised £2.6 million of enterprise reporting systems costs in the year. Had this policy been adopted in prior years there would have been no material effect.

Consolidation principles

The consolidated profit and loss account and balance sheet include the accounts of the company and its subsidiaries. All accounts are made up to 31 December each year.

The results of subsidiaries acquired or sold are included in the consolidated accounts from or to the date that effective control passes. Where contractual arrangements exist in respect of partly owned subsidiaries that are considered to make 100% ownership inevitable the minority elements are treated as deferred consideration together with the balance of the purchase price.

A separate profit and loss account dealing with the results of the company has not been presented as permitted by section 230(4) of the Companies Act 1985.

Goodwill and intangible assets

Goodwill on consolidation is calculated as the difference between the fair value of purchase consideration of companies and the fair value of the net assets acquired.

For subsidiary companies acquired prior to 1 January 1998 such goodwill was, and remains, written off directly against reserves in the year of acquisition.

In accordance with FRS 10, for companies acquired on or after 1 January 1998, such goodwill is capitalised as an intangible asset and is written off in equal instalments over its useful economic life, regarded as being a period of 20 years.

Associates are accounted for under the equity accounting basis.

Foreign exchange

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling on the balance sheet date; operating performance is translated at average rates. The exchange movements arising from the hedging of foreign currency investment and unrealised exchange differences on translation of net assets employed are dealt with through reserves. Other transactional exchange differences are taken to the profit and loss account.

Turnover

Turnover represents the invoiced value of services rendered to third parties and goods despatched prior to the year end, excluding the sale proceeds of previously rented fixed assets but including sales of electronic equipment purchased specifically for resale, net of sales taxes and trade discounts. Contracted income from rental and other services is recognised on a straight line basis over the period of the contract.

Leased assets and hire purchase arrangements

Where reference is made in the report and the financial statements to finance leases, this includes hire purchase agreements. Fixed assets acquired under finance leases are included under fixed assets in the balance sheet at cost and are depreciated over the shorter of the lease term or their useful economic life. The liability relating thereto is included in creditors. Interest is calculated on the capital sum outstanding and is charged against profits in the year in which it accrues.

Costs in respect of operating leases are charged against profits in the year to which they relate.

Fixed assets

Fixed assets are stated at cost net of trade and volume discounts. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Finance costs are not capitalised as part of fixed assets.

45 BRAMMER ACCOUNTING POLICIES

Depreciation

Depreciation is provided by equal annual instalments to write off the cost of fixed assets net of residual values, other than freehold land, over their estimated useful lives. The lives of the assets are reviewed at regular intervals and have been estimated as follows

Freehold buildings	individually estimated subject to a maximum of 50 years
Leasehold properties	the term of the lease subject to a maximum of 50 years
Plant and equipment	10 years
Computers and similar office equipment	3-7 years
Motor cars	4 years
Commercial vehicles	3 years
Electronic equipment for rent	1-6 years

In addition to straight line depreciation, provision is made for impairment in value of electronic equipment for rent. The provision ensures that the carrying value is the lower of depreciated cost and recoverable value, recoverable value being the higher of net realisable value and value in use. The value in use is the net present value of the net anticipated future rental income. The discount rate used is based upon the group's weighted average cost of capital.

Valuation of unlisted investments

Investments are held at cost less impairment provisions. In the group associates are stated at cost less goodwill amortisation plus the group's share of post acquisition retained profits.

Research and development

All expenditure on research and development is charged against profits in the year incurred except expenditure of a capital nature which is capitalised and depreciated.

Stock

Stock represents stock held for distribution and is valued at the lower of cost and net realisable value. Cost of stock represents material and a proportion of procurement overheads. Provisions are made for slow moving and obsolete items.

Deferred consideration

The amounts quoted for deferred payments relating to acquisitions and shown as shares to be issued and deferred consideration are the directors' best estimates of the actual amount which will be payable. Where the deferred consideration can be settled in shares at the option of the group the amount is included within reserves as "Shares to be issued".

Deferred tax

In accordance with FRS 19 deferred tax is provided using the liability method in respect of the tax effect of all timing differences to the extent that they are expected to crystallise. Deferred tax assets are recognised to the extent that it is more likely than not that they are recoverable. Deferred tax assets and liabilities are not discounted.

Pensions

Contributions to the group defined benefits pension schemes are charged to the profit and loss account so as to spread the cost of pensions over the expected working lives of the members of the schemes. Contributions in respect of defined contribution schemes are charged to the profit and loss account in the year in which they arise.

Financial derivatives

The group uses forward exchange contracts to manage its exposure to foreign currency exchange risks and to hedge its investments in overseas subsidiaries and investments designated in foreign currencies. Such financial instruments are treated as hedges against the underlying assets and liabilities. Where there is a legal right of set off between a deposit and a loan the two are offset within the financial statements.

Provisions

Provisions in respect of liabilities are made in accordance with FRS 12 and are discounted where the effect is material. Provisions for redundancies and restructuring costs are made once a detailed formal plan has been prepared and approved.

46 BRAMMER NOTES TO THE ACCOUNTS

1 TURNOVER, PROFIT AND NET ASSETS

The business analysis of turnover, profit before tax and net assets employed is as follows

	Brammer Industrial Services		Livingston			Total
	2002 £'000	2001 £'000	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Turnover	238,845	240,650	99,146	131,634	337,991	372,284
Profit/(loss) before goodwill, exceptional items and interest	10,839	13,310	(643)	11,092	10,196	24,402
Exceptional items	(2,045)	(1,000)	(6,655)	(22,726)	(8,700)	(23,726)
Goodwill	(1,864)	(1,714)	(688)	(682)	(2,552)	(2,396)
Profit/(loss) before interest	6,930	10,596	(7,986)	(12,316)	(1,056)	(1,720)
Interest					(4,147)	(5,097)
Loss before tax					(5,203)	(6,817)
Net operating assets excluding goodwill and deferred consideration	54,274	61,057	43,047	66,546	97,321	127,603
Capitalised goodwill	32,030	32,375	11,891	12,549	43,921	44,924
Deferred consideration	(15,444)	(3,139)	(2,983)	(5,147)	(18,427)	(8,286)
Net operating assets	70,860	90,293	51,955	73,948	122,815	164,241
Net debt					(62,750)	(82,321)
Dividends					(1,436)	(6,031)
Net tax					2,167	2,521
Net assets employed					60,796	78,410

The geographic analysis of turnover by origin, profit before interest and net operating assets is as follows

	United Kingdom		Other Europe			Total
	2002 £'000	2001 £'000	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Turnover	123,855	135,121	214,136	237,163	337,991	372,284
Profit before goodwill, exceptional items and interest	6,415	5,127	3,781	19,275	10,196	24,402
Exceptional items	(2,568)	(8,407)	(6,132)	(15,319)	(8,700)	(23,726)
Goodwill	-	-	(2,552)	(2,396)	(2,552)	(2,396)
Profit/(loss) before interest	3,847	(3,280)	(4,903)	1,560	(1,056)	(1,720)
Net operating assets excluding goodwill and deferred consideration	34,752	38,533	62,569	89,070	97,321	127,603
Capitalised goodwill	-	-	43,921	44,924	43,921	44,924
Deferred consideration	-	-	(18,427)	(8,286)	(18,427)	(8,286)
Net operating assets	34,752	38,533	88,063	125,708	122,815	164,241

Included in the group net operating assets excluding goodwill and deferred consideration of £97,321,000 is an amount of £740,000 relating to acquisitions in the year which were all Brammer Industrial Services companies in other Europe.

Turnover to third parties by destination is not materially different to turnover by origin.

47 BRAMMER NOTES TO THE ACCOUNTS

1 TURNOVER, PROFIT AND NET ASSETS continued

Operating profit is stated after charging/(crediting)

	Brammer Industrial Services			Livingston		Total
	2002 £'000	2001 £'000	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Depreciation and impairment	3,393	4,123	36,139	70,540	39,532	74,663
Finance leases (included above)					50	54
(Profit)/loss on sale of fixed assets	(500)	–	1,831	(1,357)	1,331	(1,357)
Operating leases						
Plant & machinery					2,675	1,381
Other including property					5,354	4,574
Group audit fees and expenses					444	317
Non-audit fees paid to auditors within the UK					221	166
Exchange differences on foreign currency borrowings less deposits					574	–
					2002 £'000	The company 2001 £'000
Audit fees and expenses					42	42

Details of employees' emoluments and of pension scheme charges are given in note 2.

2 EMPLOYEES

	2002 £'000	The group 2001 £'000
Aggregate emoluments of employees, including directors, were		
Wages and salaries	67,127	64,858
Social security costs	13,419	12,712
Pension costs	2,611	3,166
	83,157	80,736
	2002 numbers	The group 2001 numbers
The average number of employees was		
Brammer Industrial Services	1,888	1,905
Livingston	1,128	1,138
	3,016	3,043
The number of employees as at 31 December 2002 was		
Brammer Industrial Services	1,800	1,982
Livingston	1,056	1,194
	2,856	3,176

Details of directors' remuneration, including those of the highest paid director, are given in the remuneration report in the "Directors' remuneration and emoluments", "Directors' pension entitlements", "Directors' interests" and "Directors' options" sections.

48 BRAMMER NOTES TO THE ACCOUNTS

3 EXCEPTIONAL ITEMS

The major items treated as exceptional items relate to the restructuring of the Brammer Industrial Services and Livingston divisions (£6,280,000) and additional net losses on sale of rental inventory and other assets (£2,206,000).

4 NET INTEREST

	2002 £'000	The group 2001 £'000
Interest payable		
Bank overdrafts and short term borrowings	209	893
Loans	3,970	4,346
Finance leases	58	65
Associates	129	170
	4,366	5,474
Interest receivable		
Bank and other short term deposits	(219)	(377)
	4,147	5,097

5 TAX

	2002 £'000	The group 2001 £'000
Analysis of charge in period		
Current tax		
UK corporation tax on profits of the period	63	1,007
Adjustments in respect of previous periods	(1,782)	280
	(1,719)	1,287
Foreign tax	597	2,870
Adjustments in respect of previous periods	(1,740)	–
Share of associates' tax	178	175
Total current tax (see below)	(2,684)	4,332
Deferred tax		
Origination and reversal of timing differences		
Current year – Short term timing differences	585	657
Capital allowances	2,450	(4,970)
Recognition of tax losses	(2,128)	–
Adjustments in respect of previous periods	1,119	–
Adjustment to the estimated recoverable amount of deferred tax assets arising in previous periods	(845)	–
Total deferred tax	1,181	(4,313)
Tax on loss on ordinary activities	(1,503)	19

49 BRAMMER NOTES TO THE ACCOUNTS

5 TAX continued

Factors affecting the tax charge for the period

The effective tax rate for the period (28.9%) is lower than the standard rate of corporation tax in the United Kingdom. The differences in the current tax rate are explained below

	2002 £'000	The group 2001 £'000
Loss on ordinary activities before tax	(5,203)	(6,817)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(1,561)	(2,045)
Effects of		
Expenses not deductible for tax purposes	2,013	1,684
Capital allowances for period in excess of depreciation	(2,450)	4,970
Short term timing differences	(585)	(657)
Tax losses recognised	2,128	—
Deferred tax asset not recognised	1,431	—
Different tax rates on overseas earnings	(138)	100
Adjustments in respect of previous periods	(3,522)	280
Current tax (credit)/charge for period (see above)	(2,684)	4,332

Factors that may affect future charges

The group has substantial tax losses available for future years in continental Europe, £4,227,000 of which has not been recognised.

6 DIVIDENDS

	2002 £'000	The group 2001 £'000
Interim paid 1.5p (2001 6.7p) per 20p share	718	3,222
Final proposed 3.0p (2001 12.6p) per 20p share	1,436	6,031
	2,154	9,253

50 BRAMMER NOTES TO THE ACCOUNTS

7 EARNINGS PER SHARE

	Earnings £'000	Weighted average number of shares 000	2002 Earnings/ (losses) per share pence	Earnings £'000	Weighted average number of shares 000	2001 Earnings/ (losses) per share pence
Profit for the financial year before exceptional items and amortisation of goodwill	4,653			13,403		
Average number of shares in issue		47,865	9.7		47,755	28.1
Exceptional items	(8,700)		(18.2)	(22,726)		(47.6)
Loss on termination of operations	–		–	(1,000)		(2.1)
Taxation adjustment on exceptional items	2,899		6.1	5,883		12.3
Amortisation of goodwill	(2,490)		(5.2)	(2,335)		(4.9)
Amortisation of goodwill – associates	(62)		(0.1)	(61)		(0.1)
Loss for the financial year	(3,700)		(7.7)	(6,836)		(14.3)
Average number of shares in issue		47,865	(7.7)		47,755	(14.3)

Supplementary basic earnings per share figures have been calculated to exclude the effect of exceptional items and goodwill amortisation. The adjusted numbers have been provided in order that the effects of exceptional items and goodwill amortisation on reported earnings can be fully appreciated.

Outstanding share options and shares to be issued are anti dilutive at 31 December 2002 and 31 December 2001.

8 FIXED ASSETS – INTANGIBLE AND TANGIBLE ASSETS

	Intangible assets 2002					The group Tangible assets 2002	
	Goodwill £'000	Goodwill £'000	Land and buildings £'000	Equipment £'000	Rental inventory £'000	Total £'000	Total £'000
Cost							
At 31 December 2001	47,849	16,568	10,697	46,076	133,802	190,575	168,948
Foreign currency movements	–	–	253	1,726	4,520	6,499	(2,980)
Additions	–	–	304	5,721	22,723	28,748	78,153
Acquisitions	1,487	31,281	–	227	–	227	7,019
Transfer	–	–	(48)	233	(185)	–	–
Disposals	–	–	(379)	(6,959)	(64,396)	(71,734)	(60,565)
At 31 December 2002	49,336	47,849	10,827	47,024	96,464	154,315	190,575
Depreciation							
At 31 December 2001	2,925	590	4,894	30,657	74,372	109,923	70,224
Foreign currency movements	–	–	120	1,209	2,502	3,831	(1,190)
Charge in year	2,490	2,335	480	5,402	33,650	39,532	74,663
Acquisitions	–	–	–	209	–	209	5,355
Transfer	–	–	1	122	(123)	–	–
Disposals	–	–	(206)	(4,860)	(49,553)	(54,619)	(39,129)
At 31 December 2002	5,415	2,925	5,289	32,739	60,848	98,876	109,923
Net book value							
At 31 December 2001	44,924	15,978	5,803	15,419	59,430	80,652	98,724
Movement in year	(1,003)	28,946	(265)	(1,134)	(23,814)	(25,213)	(18,072)
At 31 December 2002	43,921	44,924	5,538	14,285	35,616	55,439	80,652

51 BRAMMER NOTES TO THE ACCOUNTS

8 FIXED ASSETS – INTANGIBLE AND TANGIBLE ASSETS continued

Accumulated depreciation of rental inventory at 31 December 2001 included £24,683,000 in respect of impairment provisions. During the year £15,984,000 was utilised resulting in a balance at 31 December 2002 of £8,699,000.

	Intangible assets		Land and buildings £'000	Equipment £'000	Rental inventory £'000	The group Tangible assets	
	2002 Goodwill £'000	2001 Goodwill £'000				2002 Total £'000	2001 Total £'000
The net book value comprises							
Goodwill	43,921	44,924					
Freehold properties			1,851			1,851	1,789
Long leasehold properties			2,281			2,281	1,969
Short leasehold properties			1,406			1,406	2,045
Fixtures and fittings				6,440		6,440	6,524
Office equipment				6,889		6,889	5,370
Motor vehicles				956		956	3,525
Rental inventory					35,616	35,616	59,430
	43,921	44,924	5,538	14,285	35,616	55,439	80,652

	2002 £'000	The group 2001 £'000
At 31 December 2002		
Assets held under finance leases (included above)		
Cost	1,868	1,756
Depreciation	(1,325)	(1,197)
	543	559
Gross depreciable cost of freehold buildings	3,360	3,154
Future capital expenditure		
Commitments for which contracts have been placed (all rental inventory)	607	1,844

Operating lease commitments

At 31 December 2002 the commitment to minimum annual lease payments was as follows

	2002 £'000	Property 2001 £'000	2002 £'000	The group Other 2001 £'000
Leases which terminate				
Within one year	1,069	817	466	362
Between one and five years	3,661	2,568	2,159	746
After five years	2,526	2,970	–	2
	7,256	6,355	2,625	1,110

52 BRAMMER NOTES TO THE ACCOUNTS

9 FIXED ASSETS – INVESTMENTS (UNLISTED)

	Cost £'000	Goodwill amortisation £'000	Other £'000	2002 Total £'000	The group 2001 £'000	2002 £'000	The company 2001 £'000
Associates							
At 31 December 2001	1,227	(156)	908	1,979	1,813	1,868	1,868
Foreign currency movements	–	–	100	100	(34)	–	–
Loan repaid by associate in year	–	–	(311)	(311)	–	(311)	–
Goodwill amortisation	–	(62)	–	(62)	(61)	–	–
Share of associates' retained earnings	–	–	302	302	261	–	–
At 31 December 2002	1,227	(218)	999	2,008	1,979	1,557	1,868
Subsidiaries							
At 31 December 2001				–	–	46,417	46,767
Liquidation of dormant subsidiaries				–	–	(67)	–
Transfer of investment in subsidiaries to sub holding company				–	–	–	(350)
At 31 December 2002				–	–	46,350	46,417
				2,008	1,979	47,907	48,285

The group's interest in associated undertakings represents its share of the net assets and goodwill of Rolamentos SDR SA, a company incorporated in Portugal, and KNS Aandrijftechniek BV, a company incorporated in Holland.

The list of principal subsidiaries appears on pages 22 and 23.

10 DEBTORS

	2002 £'000	The group 2001 £'000	2002 £'000	The company 2001 £'000
Amounts due after one year				
Amounts owed by group undertakings	–	–	125,429	163,789
Amounts due within one year				
Trade debtors	68,042	70,376	–	–
Amounts owed by group undertakings	–	–	5,665	3,110
Other debtors	957	1,305	–	–
Prepayments and accrued income	2,064	2,014	6	1
Pension debtor	558	680	–	–
Corporation tax	783	–	–	–
Deferred tax	1,384	2,521	–	–
	73,788	76,896	5,671	3,111
	73,788	76,896	131,100	166,900

53 BRAMMER NOTES TO THE ACCOUNTS

11 CREDITORS – DUE WITHIN ONE YEAR

	2002 £'000	The group 2001 £'000	2002 £'000	The company 2001 £'000
Bank and other borrowings	7,106	11,015	–	9,358
Finance lease commitments due within one year	54	46	–	–
Trade creditors	48,128	47,177	–	–
Amounts owed by group undertakings	–	–	52,550	51,005
Corporation tax	–	–	958	–
Social security and other taxes	6,946	7,741	–	–
Other creditors	4,542	3,460	–	–
Deferred consideration	17,987	2,839	–	–
Accruals	15,349	16,902	195	260
Dividends	1,436	6,031	1,436	6,031
	101,548	95,211	55,139	66,654

12 CREDITORS – DUE AFTER MORE THAN ONE YEAR

	2002 £'000	The group 2001 £'000	2002 £'000	The company 2001 £'000
Unsecured bank loans repayable				
Between one and two years	2	38	–	–
Between two and five years	66,825	81,071	66,997	81,042
	66,827	81,109	66,997	81,042
Finance lease commitments				
Between one and two years	75	70	–	–
Between two and five years	496	554	–	–
Over five years	61	103	–	–
	632	727	–	–
Deferred consideration	440	5,447	–	–
	67,899	87,283	66,997	81,042

13 PROVISIONS FOR LIABILITIES AND CHARGES

	2002 £'000	The group 2001 £'000
Reorganisation provision		
At 31 December 2001	–	–
Charged to the profit and loss account in the first half of 2002	7,739	–
Utilised in the year	(3,425)	–
Released in the second half of 2002	(1,459)	–
At 31 December 2002	2,855	–

The reorganisation provision was created to cover redundancy, site exit and associated costs in the Brammer Industrial Services and Livingston divisions. The provision is expected to be fully utilised during the first half of 2003.

54 BRAMMER NOTES TO THE ACCOUNTS

13 PROVISIONS FOR LIABILITIES AND CHARGES continued

	2002 £'000	The group 2001 £'000
Deferred tax		
At 31 December 2001	(2,521)	1,666
Foreign currency movements	(44)	50
Profit and loss account charge/(credit)	1,181	(4,313)
Acquisitions	–	76
At 31 December 2002	(1,384)	(2,521)
Balance at 31 December 2002 represents		
Accelerated capital allowances	416	(4,521)
Losses	(2,972)	–
Other timing differences	1,172	2,000
At 31 December 2002	(1,384)	(2,521)

Within the group the deferred tax asset of £1,384,000 is shown as a debtor in note 10.

The company has no deferred tax liability. The group makes full provision for deferred tax liabilities and there are unprovided deferred tax assets of £4,227,000 which relate to £14,090,000 of operating losses in continental Europe.

14 CAPITAL AND RESERVES

	Issued share capital £'000	Share premium £'000	Shares to be issued £'000	Profit and loss account £'000	The group Total £'000
At 31 December 2001	9,573	3,552	14,977	50,308	78,410
Retained loss for the financial year	–	–	–	(5,854)	(5,854)
Adjustment to amount to be issued in settlement of purchase of subsidiaries	–	–	(11,760)	–	(11,760)
Movement in year	–	–	(11,760)	(5,854)	(17,614)
At 31 December 2002	9,573	3,552	3,217	44,454	60,796

The cumulative amount of goodwill arising on consolidation of subsidiary companies written off against the profit and loss account reserve as at 31 December 2002 is £30,470,000 (2001 £30,470,000).

55 BRAMMER NOTES TO THE ACCOUNTS

14 CAPITAL AND RESERVES continued

	Issued share capital £'000	Share premium £'000	Shares to be issued £'000	Special capital £'000	Profit and loss account £'000	The company Total £'000
At 31 December 2001	9,573	3,552	14,977	12,077	31,471	71,650
Profit for the financial year ¹	-	-	-	-	631	631
Adjustment to amount to be issued in settlement of purchase of subsidiaries	-	-	(11,760)	-	-	(11,760)
Movement in year	-	-	(11,760)	-	631	(11,129)
At 31 December 2002	9,573	3,552	3,217	12,077	32,102	60,521

¹ includes £896,000 in respect of exchange gains taken direct to reserves.

The special capital reserve is non-distributable.

Reconciliations of movements in shareholders' equity for the year ended 31 December 2002

	2002 £'000	The group 2001 £'000	2002 £'000	The company 2001 £'000
Shareholders' equity at 31 December 2001	78,410	79,275	71,650	56,298
(Loss)/profit for the financial year	(3,700)	(6,836)	1,889	9,126
Dividends	(2,154)	(9,253)	(2,154)	(9,253)
	(5,854)	(16,089)	(265)	(127)
Adjustment to amount to be issued in settlement of purchase of subsidiaries	(11,760)	14,977	(11,760)	14,977
Other recognised (losses)/gains for the year	-	(208)	896	-
Shares issued	-	455	-	502
Net movement in shareholders' equity for the year	(17,614)	(865)	(11,129)	15,352
Shareholders' equity at 31 December 2002	60,796	78,410	60,521	71,650

Share capital

	The group and company 2002 Numbers	2001 Numbers
Ordinary shares of 20p each		
Authorised	70,000,000	70,000,000
Allotted, called up and fully paid		
At 31 December 2001	47,865,152	47,711,155
Executive share options	-	100,000
Savings related share options	-	53,997
At 31 December 2002	47,865,152	47,865,152

In the period from 1 January 2003 to 11 March 2003 no shares were issued on the exercise of options under the company's executive and savings related share option schemes.

56 BRAMMER NOTES TO THE ACCOUNTS

14 CAPITAL AND RESERVES continued

Share option schemes

Movements on share options during the year were as follows

Price per share	31 December 2001	Granted	Exercised	Lapsed	31 December 2002	Date from which exercisable	Expiry date
Executive							
1985 scheme							
310p	104,000	–	–	–	104,000	8 Apr 1997	8 Apr 2004
355p	187,000	–	–	(20,000)	167,000	19 Apr 1998	19 Apr 2005
1995 scheme							
513p	222,500	–	–	(92,000)	130,500	29 Mar 1999	29 Mar 2006
533p	35,000	–	–	(10,000)	25,000	10 Apr 1999	10 Apr 2006
628p	20,000	–	–	–	20,000	10 Apr 2000	10 Apr 2007
576p	206,000	–	–	(72,500)	133,500	9 Sep 2000	9 Sep 2007
380p	169,250	–	–	(32,750)	136,500	15 Sep 2001	15 Sep 2008
335p	91,500	–	–	–	91,500	6 Oct 2001	6 Oct 2008
515p	128,600	–	–	(2,500)	126,100	10 Sep 2002	10 Sep 2009
494p	47,000	–	–	–	47,000	6 Oct 2002	6 Oct 2009
390p	358,917	–	–	–	358,917	12 Sep 2003	12 Sep 2010
510p	14,430	–	–	–	14,430	16 Mar 2004	16 Mar 2011
338.5p	590,772	–	–	(37,000)	553,772	6 Sep 2004	6 Sep 2011
108.5p	–	219,506	–	(2,000)	217,506	23 Sep 2005	23 Sep 2012
1997 scheme							
576p	88,500	–	–	(27,500)	61,000	9 Sep 2000	9 Sep 2007
380p	92,250	–	–	(21,000)	71,250	15 Sep 2001	15 Sep 2008
335p	8,500	–	–	–	8,500	6 Oct 2001	6 Oct 2008
515p	13,900	–	–	–	13,900	10 Sep 2002	10 Sep 2009
494p	6,000	–	–	–	6,000	6 Oct 2002	6 Oct 2009
390p	59,855	–	–	(2,000)	57,855	12 Sep 2003	12 Sep 2010
510p	15,570	–	–	(5,000)	10,570	16 Mar 2004	16 Mar 2011
338.5p	82,135	–	–	(5,000)	77,135	6 Sep 2004	6 Sep 2011
108.5p	–	71,494	–	(4,000)	67,494	23 Sep 2005	23 Sep 2012
Total	2,541,679	291,000	–	(333,250)	2,499,429		
Savings related							
1989 scheme							
461p	139,482	–	–	(22,736)	116,746	1 Nov 2002	1 May 2003
1995 international scheme							
461p	45,160	–	–	(8,051)	37,109	1 Nov 2002	1 May 2003
396p	13,670	–	–	(677)	12,993	1 Dec 2004	1 Jun 2005
1999 scheme							
396p	155,622	–	–	(47,104)	108,518	1 Dec 2004	1 Jun 2005
254p	840,391	–	–	(236,465)	603,926	1 Dec 2006	1 Jun 2007
Total	1,194,325	–	–	(315,033)	879,292		

57 BRAMMER NOTES TO THE ACCOUNTS

15 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £'000	The group 2001 £'000
Loss on ordinary activities before interest	(1,056)	(1,720)
Accrued element of exceptional items	2,855	–
Depreciation and impairment of tangible fixed assets	39,532	74,663
Amortisation of goodwill	2,552	2,396
	43,883	75,339
Associates	(609)	(606)
Loss/(profit) on sale of fixed assets	1,331	(1,357)
	44,605	73,376
Movement in working capital		
Stock	2,705	(582)
Debtors	5,368	4,910
Creditors	(1,701)	(7,482)
	6,372	(3,154)
Net cash inflow from operating activities	50,977	70,222

16 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2002 £'000	The group 2001 £'000
Increase/(decrease) in cash	8,956	(7,762)
Cash movement from increase/(decrease) in debt and lease financing and liquid resources	15,988	(36,456)
	24,944	(44,218)
New finance leases	–	(180)
Loans acquired	(835)	(1,394)
Exchange movements	(4,538)	1,661
Movement in net debt	19,571	(44,131)
Net debt at 31 December 2001	(82,321)	(38,190)
Net debt at 31 December 2002	(62,750)	(82,321)

Analysis of net debt

	At 31 December 2001 £'000	Cash flow £'000	Acquisitions excluding cash/overdrafts £'000	Other non-cash £'000	Exchange movements £'000	At 31 December 2002 £'000
Cash in hand and at bank	8,654	(613)	–	–	1,236	9,277
Bank overdrafts	(9,515)	9,569	–	–	(627)	(573)
	(861)	8,956	–	–	609	8,704
Deposits	1,922	559	–	–	111	2,592
Debt due within one year	(1,500)	(4,097)	(835)	(3)	(98)	(6,533)
Debt due after one year	(81,109)	19,386	–	3	(5,107)	(66,827)
Finance leases	(773)	140	–	–	(53)	(686)
Total	(82,321)	24,944	(835)	–	(4,538)	(62,750)

17 FINANCIAL INSTRUMENTS

Cash and liquid resources

Cash, for the purposes of the cash flow statement, comprises cash in hand and the deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. From time to time the group may have term deposits of less than one year (other than cash), government securities and investments in money market funds. These are included in liquid resources.

Financial instruments disclosures

The group does not trade in financial instruments. Further details of the group's policies and procedures relating to financial instruments are included in the financial review. Short term debtors and creditors (excluding deferred consideration) have been omitted from all the following disclosures with the exception of the currency risk disclosures.

Interest rate risk and maturity profiles of financial assets and liabilities

The financial assets of the group are sterling and euro denominated and include bank deposits at short term notice periods of less than three months. Bank deposits earn floating rate interest which float by reference to euro LIBOR.

Except as stated below the group's financial liabilities are all at floating rates and comprise drawn sterling and euro bank facilities which are mainly multi-currency committed lines. The unutilised portion of these committed lines amounts to £33.2 million which is available to the group for terms in excess of three years at rates which float by reference to euro LIBOR.

Deferred consideration is not subject to any interest costs and the interest rate risk relating to finance leases is not material.

The maturity profile of the group's financial assets and liabilities was as follows

	Bank deposits, loans and overdrafts £'000	Finance leases £'000	Deferred consideration £'000	Total £'000	Sterling £'000	Euros £'000
At 31 December 2002						
Financial assets						
In one year or less or on demand	11,869	–	–	11,869	5,676	6,193
Financial liabilities						
In one year or less or on demand	(7,106)	(54)	(17,987)	(25,147)	–	(25,147)
Between one and two years	(2)	(75)	(256)	(333)	–	(333)
Between two and five years	(66,825)	(496)	(184)	(67,505)	(3,700)	(63,805)
Over five years	–	(61)	–	(61)	–	(61)
Total	(73,933)	(686)	(18,427)	(93,046)	(3,700)	(89,346)
	(62,064)	(686)	(18,427)	(81,177)	1,976	(83,153)
At 31 December 2001						
Financial assets						
In one year or less or on demand	10,576	–	–	10,576	4,477	6,099
Financial liabilities						
In one year or less or on demand	(11,015)	(46)	(2,839)	(13,900)	–	(13,900)
Between one and two years	(38)	(70)	(5,258)	(5,366)	–	(5,366)
Between two and five years	(81,071)	(554)	(189)	(81,814)	(3,550)	(78,264)
Over five years	–	(103)	–	(103)	–	(103)
Total	(92,124)	(773)	(8,286)	(101,183)	(3,550)	(97,633)
	(81,548)	(773)	(8,286)	(90,607)	927	(91,534)

59 BRAMMER NOTES TO THE ACCOUNTS

17 FINANCIAL INSTRUMENTS continued

Currency exposures

There are no material assets or liabilities denominated in currencies other than the local currency in any operating unit.

Substantially all borrowings are arranged by the group's treasury function and are denominated largely in sterling or euros. The level of borrowings in euros is determined by the group's policy of hedging the currency exposure arising from the euro denominated balance sheets of our European subsidiaries.

It is left to the operating company's discretion whether or not to put in place a hedge while debtor and creditor balances remain outstanding.

Fair values of financial assets and liabilities

Set out below is a comparison by category of book values and fair values of all the group's financial assets and liabilities as at 31 December 2002.

	Book value £'000	2002 Fair value £'000	Book value £'000	2001 Fair value £'000
Primary financial instruments held or issued to finance the group's operations				
Short term borrowings and current portion of long term borrowings	(7,106)	(7,106)	(11,015)	(11,015)
Long term borrowings	(66,827)	(66,827)	(81,109)	(81,109)
Deferred consideration	(18,427)	(18,104)	(8,286)	(7,758)
Finance leases	(686)	(653)	(773)	(736)
Financial assets	11,869	11,869	10,576	10,576
Derivative financial instruments held to manage the balance sheet currency profile				
Forward foreign currency contracts	-	(193)	-	131
Total	(81,177)	(81,014)	(90,607)	(89,911)

Market values have been used to determine the fair value of the forward foreign currency contracts. The fair values of all other items have been calculated by discounting expected future cash flows at prevailing interest rates.

18 ACQUISITIONS

Brammer Industrial Services

On 15 February 2002 the group acquired AWEXIM sro and Centralní Sklad sro, two Czech Republic specialist industrial services businesses. The group has acquired 90% of both companies for a cash consideration of €530,000. The remaining 10% of both companies will be acquired in 2007 for a consideration of €130,000. The group is further committed to paying interest on the deferred consideration at market rates.

On 1 July 2002 the group acquired 90% of Britannia Lineartechnik GmbH and Britannia Edelstahlgesellschaft, two Austrian industrial services businesses. The consideration was €357,000 in cash. The remaining 10% will be acquired in 2003 for a consideration of €232,000. The two businesses have been combined into one business, Britannia Wälzlager & Industrietechnik, GmbH.

All of the above companies have been consolidated in 2002 as full subsidiaries as the group has effective 100% ownership.

60 BRAMMER NOTES TO THE ACCOUNTS

18 ACQUISITIONS continued

The details of the acquisitions are as follows

	Book value £'000	Accounting policy adjustments £'000	Fair value adjustments £'000	Fair value to the group £'000
Fixed assets	18	—	—	18
Stock	1,440	(265)	—	1,175
Debtors	438	(26)	(2)	410
Creditors	(748)	—	(15)	(763)
Tax	7	—	(11)	(4)
Loans	(835)	—	—	(835)
Bank	191	—	—	191
Net assets acquired	511	(291)	(28)	192
Purchase price				
Paid			555	
Deferred			263	
Expenses and related costs			163	
				981
Goodwill				789

Net assets acquired have been restated in line with the group's accounting policies. The stock adjustment stems from the application of the group's policy on the valuation of stock, where stock is valued at the lower of cost and net realisable value and cost includes a proportion of procurement overheads. The debtors adjustment relates to the application of the group's policy on providing for potential bad debts. The goodwill has been capitalised as an intangible asset and will be written off over a period of twenty years.

An adjustment has been made to the deferred consideration for THF. Additional expenses have been incurred in the acquisition of Rabinad.

Goodwill summary

	The group Total £'000
Awexim and Centralní	266
Britannia	523
Adjustment to goodwill previously recognised THF	588
Rabinad	110
	1,487

The negative group cash flow arising in 2002 from these acquisitions is as follows

	The group Total £'000
Purchase consideration	818
Deferred consideration	(263)
Expenses and related costs	273
	828
Net cash acquired	(191)
	637

All acquisitions were made by the Brammer Industrial Services division.

The results of the above acquisitions are not material relative to the group as a whole therefore their results, both pre and post acquisition, have not been separately identified.

61 BRAMMER NOTES TO THE ACCOUNTS

19 PENSIONS

The principal pension scheme operated by the group in the UK is a defined benefit scheme and provides benefits related to service and salary. The scheme is funded by the group and contributions are paid in accordance with the recommendations of the actuary. The scheme was closed to new members from 1 January 2002 and was open for membership to all permanent employees of UK based group companies aged 18 to 64 years. The assets of the scheme are held in nominee accounts separate from the group's finances under the control of the trustees. The trustees have forbidden investment in the share capital of, or the investing in any property assets used by, Brammer plc or any of its subsidiaries.

Company contributions to the defined benefit scheme are being made at the rate of 7.6% of pensionable salary and are reviewed at regular intervals.

The latest actuarial valuation of the scheme was carried out as at 1 January 2000, using the projected unit method, by an independent actuary employed by Watson Wyatt LLP. The assumptions which the actuary made that have the most significant effect on the results of the valuation are those related to the rate of return on investments and the rates of increase in salaries and pensions. He assumed that, over the long term, investment return will exceed the increase in remuneration by 2.25% per annum and that present and future pensions will increase at the rate of 3% per annum on pensions earned in excess of the guaranteed minimum pension. The valuation showed that the market value of the scheme's assets was £49.4 million and that the actuarial value of these assets represented 104% of the value of the benefits that had accrued to members, after allowing for expected future increases in earnings.

Since the date of the last formal valuation of the scheme, stockmarkets have fallen by 37% and the assets of the scheme have not been immune to this general trend. The fall in the scheme's assets does not, in itself, change the estimate of the cost of providing the pension benefits promised which was based on the last formal valuation. The cost will be reassessed following the next formal valuation, anticipated to take place as at 1 January 2003. The results of the valuation are expected to be available before the end of June 2003.

Watson Wyatt LLP have estimated that as at 31 December 2002 the Minimum Funding Requirement ("MFR") funding level of the Brammer Services Retirement Benefit Scheme would have been approximately 100%. Watson Wyatt LLP will be carrying out detailed MFR calculations as part of the next formal valuation.

The group also operated a final salary scheme for senior executives in the UK which was funded on the basis of the recommendation of the actuary to the scheme. This scheme merged with the principal pension scheme during 2002.

The charge in the year for the schemes was £1,769,000. A prepayment of £558,000 is included in debtors, representing the difference in amounts included in the profit and loss account and the amounts paid into these schemes.

A new defined contribution scheme was launched on 1 January 2002 for new UK employees joining the group. The charge in the year for this scheme was £35,000.

The group operates a number of defined contribution schemes overseas and contributes to the state pension scheme arrangements in a number of European countries. Costs incurred in the year and charged to the profit and loss account in respect of these schemes were £807,000.

FRS 17 retirement benefits

The valuations used for FRS 17 disclosures have been based on the most recent valuations at 1 January 2000 updated by Watson Wyatt LLP to take account of the requirements of FRS 17 in order to assess the liabilities of each of the schemes at 31 December 2002. Assets are stated at their market value at 31 December 2002.

The financial assumptions used to calculate liabilities under FRS 17 are

	At 31 December 2002	At 31 December 2001
Inflation rate	2.40%	2.50%
Rate of increase in salaries	4.15%	4.00%
Rate of increase of pensions in payment	2.40%	2.50%
Rate of increase for deferred pensioners	2.40%	2.50%
Discount rate	5.60%	5.80%

62 BRAMMER NOTES TO THE ACCOUNTS

19 PENSIONS continued

The assets held and the expected rate of return were

	Long term rate of return expected at 31 December 2002 %	Value at 31 December 2002 £'m	Long term rate of return expected at 31 December 2001 %	Value at 31 December 2001 £'m
Equities	8.30	35.0	7.80	39.0
Fixed interest gilts	4.50	7.1	5.00	9.2
Index linked gilts	4.50	0.1	—	—
Other (cash and net current assets)	—	—	4.25	2.7
Total market value of assets	7.65	42.2	7.11	50.9
Present value of pension liabilities		(62.6)		(51.7)
Deficit		(20.4)		(0.8)
Related deferred tax asset		6.1		0.2
Net pension liability		(14.3)		(0.6)

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

	At 31 December 2002 £'m	At 31 December 2001 £'m
Net assets		
Net assets excluding pension liability	60.8	78.4
Pension liability	(14.3)	(0.6)
Net assets including pension liability	46.5	77.8
Reserves		
Profit and loss reserve excluding pension liability	44.5	50.3
Pension liability	(14.3)	(0.6)
Profit and loss reserve including pension liability	30.2	49.7

63 BRAMMER NOTES TO THE ACCOUNTS

19 PENSIONS continued

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

	31 December 2002 £'m
Operating profit	
Current service cost	2.4
Past service cost	—
Total operating charge	2.4
Other finance income	
Interest on pension scheme liabilities	3.0
Expected return on pension scheme assets	(3.7)
Net credit to other finance income	(0.7)
Total profit and loss charge before deduction for tax	1.7
Statement of total recognised gains and losses (STRGL)	
Loss on assets	(13.1)
Experience losses arising on the scheme liabilities	(3.6)
Loss on change of assumptions underlying the present value of the scheme liabilities	(2.7)
Actuarial loss recognised in STRGL	(19.4)
Movement in surplus during the year	
Deficit in scheme at beginning of the year	(0.8)
Movement in year	
Current service cost	(2.4)
Contributions	1.5
Past service costs	—
Other finance income	0.7
Actuarial loss	(19.4)
Deficit in scheme at end of the year	(20.4)
Details of experience gains and losses for the year	
Difference between the expected and actual return on scheme assets	
Amount (£ million)	(13.1)
Percentage of scheme assets	31.04%
Experience losses on scheme liabilities	
Amount (£ million)	(3.6)
Percentage of the present value of the scheme liabilities	5.75%
Total amount recognised in statement of total recognised losses:	
Amount (£ million)	(19.4)
Percentage of the present value of the scheme liabilities	30.99%

20 RELATED PARTY TRANSACTIONS

There are no related party transactions other than in relation to Jean-Marie Fink, details of which are given in the remuneration report on page 34.

64 BRAMMER FIVE YEAR RECORD

	2002 £'000	2001 £'000	2000 £'000	1999 £'000	1998 £'000
Profit and loss					
Turnover	337,991	372,284	287,326	242,190	238,369
Profit before goodwill, exceptional items and interest	10,196	24,402	26,899	20,324	24,570
Goodwill and exceptional items	(11,252)	(26,122)	(532)	(153)	–
Profit on ordinary activities before interest	(1,056)	(1,720)	26,367	20,171	24,570
Net interest	(4,147)	(5,097)	(2,468)	(869)	(635)
Profit on ordinary activities before tax	(5,203)	(6,817)	23,899	19,302	23,935
Tax	1,503	(19)	(7,219)	(5,816)	(7,380)
Profit on ordinary activities after tax	(3,700)	(6,836)	16,680	13,486	16,555
Dividends	(2,154)	(9,253)	(9,123)	(8,695)	(8,393)
Profit for the year retained in the business	(5,854)	(16,089)	7,557	4,791	8,162
Business analysis – Brammer Industrial Services					
Turnover	238,845	240,650	173,946	167,828	184,028
Profit before goodwill, exceptional items and interest	10,839	13,310	13,366	10,894	16,011
Net operating assets excluding goodwill and deferred consideration	54,274	61,057	47,906	48,815	51,930
Business analysis – Livingston					
Turnover	99,146	131,634	113,380	74,362	54,341
Profit before goodwill, exceptional items and interest	(643)	11,092	13,533	9,340	8,559
Net operating assets excluding goodwill and deferred consideration	43,047	66,546	74,222	59,252	46,612
Net assets employed					
Goodwill and investment in associates	45,929	46,903	17,791	5,039	1,988
Tangible fixed assets	55,439	80,652	98,724	74,640	59,953
Other working capital	21,447	36,686	15,275	28,261	32,195
Net debt	(62,750)	(82,321)	(38,190)	(22,455)	(13,048)
Dividends	(1,436)	(6,031)	(6,014)	(5,763)	(5,571)
Tax	2,167	2,521	(8,311)	(7,849)	(9,223)
Financed by					
Shareholders' equity	60,796	78,410	79,275	71,873	66,294
Cash flow					
Net cash inflow from operating activities	50,977	70,222	65,682	52,164	44,683
Interest paid and received	(4,916)	(4,571)	(1,470)	(869)	(560)
Tax paid	2,382	(10,985)	(6,493)	(6,972)	(8,388)
Net fixed assets movements – rental inventory	(10,288)	(56,340)	(50,695)	(42,577)	(31,253)
Net fixed assets movements – other assets	(3,257)	(5,786)	(4,575)	(4,244)	(4,365)
Acquisitions and disposals	(3,205)	(27,977)	(8,812)	(4,630)	(1,276)
Dividends paid	(6,749)	(9,236)	(8,872)	(8,503)	(6,405)
Financing and management of liquid resources	(15,988)	36,911	6,371	9,871	12,741
Movement in net cash	8,956	(7,762)	(8,864)	(5,760)	5,177
Movement in debt, finance leases and liquid resources	15,153	(38,030)	(6,103)	(8,714)	(12,437)
Exchange movements	(4,538)	1,661	(768)	5,067	(2,301)
Movement in net funds	19,571	(44,131)	(15,735)	(9,407)	(9,561)
Ratios					
Earnings per share – basic	(7.7)p	(14.3)p	35.0p	28.5p	35.2p
Earnings per share – diluted	(7.7)p	(14.3)p	34.9p	28.4p	35.1p
Interest cover	2.5x	4.8x	10.9x	23.4x	38.7x
Earnings before interest, tax, depreciation and amortisation	51,059	74,982	66,831	48,358	45,252
Dividend per share	4.5p	19.3p	19.1p	18.3p	17.8p
Return on investment	9%	24%	32%	28%	39%
Gearing	103%	105%	48%	31%	20%

Net debt represents cash balances, including deposits, less overdrafts, all loans and finance lease commitments. Return on investment is calculated as profit before tax (after adding back goodwill and exceptional items) to average net assets employed. Gearing is calculated as net debt to closing shareholders' equity. The earnings per share figures have been adjusted for subsequent bonus issues of shares.

65 BRAMMER SHAREHOLDER INFORMATION

If you require any information about your shareholding please contact the company's registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA telephone 0870 600 3964.

The registrar has introduced a service for shareholders which gives them on-line internet access to their shareholding. To register please go to www.shareview.co.uk. You will need your shareholder account number and you will be asked to select your own PIN. If you have any further questions about this service please contact Lloyds TSB Registrars on the above number.

Our web site

You can find out further information about Brammer plc and view company announcements on the Brammer web site at www.brammer.plc.uk.

ShareGift Scheme

Some shareholders find themselves owning a very small number of shares that would cost them more to dispose of than they are worth. They bring with them a tax liability and unwanted documentation.

The ShareGift scheme is a registered charity run by The Orr Mackintosh Foundation. Any shares donated to the ShareGift scheme are transferred into the name of The Orr Mackintosh Foundation the shares are sold where possible and the proceeds are donated charity.

If you would like further information on the ShareGift Scheme please call 020 7337 0501 or visit its web site at www.sharegift.org.

FINANCIAL CALENDAR 2003

29 May	Annual general meeting at the Hilton London Heathrow Airport, Terminal 4, Heathrow Airport, Hounslow, Middlesex TW6 3AF
30 May	Record date
2 July	Dividend payment date
September	Announcement of interim results for the six months to 30 June 2003

BRAMMER PLC

Station House
Stamford New Road
Altrincham Cheshire
WA14 1EP England

Telephone +44 (0)161 928 3363
Facsimile +44 (0)161 941 5742
enquiries@brammer.plc.uk
www.brammer.plc.uk

]CB6A Number: 03769811 Type: PRIVATE LIMITED 19/06/03 13:32:54
G J S ENTERPRISES LIMITED
1 PENNINE COURT Action:00
TITHEBARN HILL, GLASSON DOCK
LANCASTER Stop End Date: (0) Mortgage Reg? NO
LANCASHIRE LA2 0BY AA:31/03/03 AR:13/05/03

=====

Company History Enquiry (HIS): Expansion Screen

Details for a specific Transaction:

Number 0001 Type: AA Status: ACC Batch ID: 030605204 Origin: R
Recvd Date: 31/05/03 Regd Date: 05/06/03 Issued Date: Group Ind: 8
User: DAVE MARTINSON Film-ID: A/216/25
Description: Comments:
31/03/03 T ABBR
000A3OB3LEE2216

Action[E]Option[HIS]Company[03769811]



Michelle Pearce
Customer Services
EXT 2067