

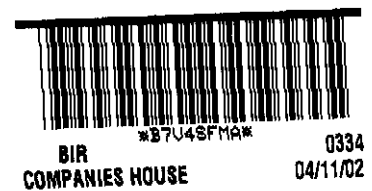
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Infast Automotive Limited

Report and Accounts

31 December 2001

Registered No: 199318



Infast Automotive Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2001.

PRINCIPAL ACTIVITY

The principal activity of the company continued to be the distribution of industrial fasteners.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company operates within a highly competitive market which is subject to economic factors beyond its control. The industry however continues to show significant interest in just in time and direct line feed concepts. The directors remain confident of both maintaining and improving the company's market share in the medium term.

RESULTS AND DIVIDENDS

The profit for the year amounted to £489,000 (2000: £1,180,000). The directors recommend a dividend of £NIL (2000: £2,000,000) with the retained profit of £489,000 (2000 loss: £820,000) being transferred to reserves.

CHANGES IN FIXED ASSETS

The details and movements of the fixed assets are shown in note 9.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period were:

P J Bytheway	
F Thorpe	
J R Kimber	
D J Nobes	
M Booth	(resigned 1 March 2001)
J Cresswell	(resigned 13 March 2001)
S Edwards	(appointed 1 March 2001, resigned 12 March 2001)
K Scarfe	(appointed 1 March 2001)
P Ballard	(appointed 1 April 2002)

The interests of the directors in the shares of Infast Group plc, other than those who were also directors of the ultimate holding company, were:

Shares	Ordinary shares of 20p each	
	31 December 2001	31 December 2000
F Thorpe	50,000	50,000
P J Bytheway	17,000	17,000

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS *(continued)*

	<i>Exercise Price £</i>	<i>At 1 January 2001</i>	<i>Granted/ (Lapsed)</i>	<i>At 31 December 2001</i>	<i>Exercise Period</i>
F Thorpe	0.370	50,000	-	50,000	Apr 2003/Apr 2010
	0.365	-	50,000	50,000	Apr 2004/Apr 2011
	0.300	-	6,458	6,458	Apr 2004/Jul 2004
		50,000	56,458	106,458	
P J Bytheway	0.370	10,000	-	10,000	Apr 2003/Apr 2010
	0.365	-	20,000	20,000	Apr 2004/Apr 2011
	0.300	-	6,458	6,458	Apr 2004/Jul 2004
		10,000	26,458	36,458	
D J Nobes	0.370	10,000	-	10,000	Apr 2003/Apr 2010
	0.365	-	10,000	10,000	Apr 2004/Apr 2011
		10,000	10,000	20,000	
K Scarfe	1.355	3,500	-	3,500	Apr 2001/Apr 2008
	0.370	10,000	-	10,000	Apr 2003/Apr 2010
	0.365	-	10,000	10,000	Apr 2004/Apr 2011
	0.300	-	3,875	3,875	Feb 2004/Jul 2004
		13,500	13,875	27,375	

CHARITABLE DONATIONS

Charitable donations of £ 3,823 (2000: £1,126) have been made in the year.

SUPPLIER PAYMENT POLICY

It is generally the Company's policy to agree terms of payment with suppliers in advance, to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment.

At 31 December 2001 the company had an average of 63 days of purchases outstanding in trade creditors (2000: 67days).

EMPLOYEE INVOLVEMENT

During the year the policy of providing employees with information about the Company through information bulletins has been continued and notification of Group results and activities circulated when appropriate.

Regular meetings are held between management and employees to encourage exchange of ideas and information.

Employees participate directly in the success of the business through incentive schemes.

DISABLED EMPLOYEES

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Infast Automotive Limited

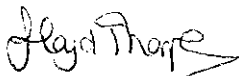
DIRECTORS' REPORT

Where existing employees become disabled, it is the Company policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



F Thorpe
Director

Dated 22nd October, 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INFAST AUTOMOTIVE LIMITED

We have audited the company's financial statements for the period ended 31 December 2001 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 24. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Birmingham

22/10/02

Dated

Infast Automotive Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2001

	Notes	2001 £000	2000 £000
TURNOVER	2	49,588	41,574
Cost of sales		(38,631)	(31,582)
Gross profit		10,957	9,992
Administrative expenses		(10,087)	(8,260)
OPERATING PROFIT	6	870	1,732
Interest payable and similar charges	5	(6)	(12)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		864	1,720
Taxation	7	(375)	(540)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		489	1,180
Dividends	8	-	(2,000)
RETAINED PROFIT/(LOSS) FOR THE YEAR	18	489	(820)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses for the year or for the previous year other than the profit for the year of £489,000 (2000: £1,180,000).

Infast Automotive Limited

BALANCE SHEET at 31 December 2001

	Notes	2001 £000	2000 £000
FIXED ASSETS			
Tangible assets	9	1,976	1,753
CURRENT ASSETS			
Stocks	10	7,791	6,787
Debtors	11	12,991	8,612
Cash at bank and in hand		1,068	491
		21,850	15,890
CREDITORS: amounts falling due within one year	12	19,909	14,205
NET CURRENT ASSETS		1,941	1,685
TOTAL ASSETS LESS CURRENT LIABILITIES		3,917	3,438
CREDITORS: amounts falling due after more than one year	13	-	8
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	14	-	2
NET ASSETS		3,917	3,428
CAPITAL AND RESERVES			
Called-up share capital	17	2,075	2,075
Share premium account	18	413	413
Revaluation reserve	18	-	137
Profit and loss account	18	1,429	803
EQUITY SHAREHOLDERS' FUNDS	19	3,917	3,428



F Thorpe
Director

Dated 92nd October, 2002.

Infast Automotive Limited

NOTES TO THE ACCOUNTS at 31 December 2001

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical convention modified to include the revaluation of certain tangible fixed assets and in accordance with applicable Accounting Standards.

Depreciation

Depreciation is provided on a straight line basis, other than freehold land, to write off the cost or revaluation amount of fixed assets, over their estimated useful lives, at the following annual rates:

Leasehold land and buildings	2%
Plant and machinery	10%
Fixtures and fittings	10%
Office equipment	20%
Motor vehicles	33%
Computer equipment	33%

Leasing and hire purchase commitments

The company enters into operating leases and hire purchase contracts.

Assets held under hire purchase contracts, which transfer to the company substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The capital element of the hire purchase commitment is categorised appropriately under creditors due within and after one year. The interest element is charged against profit in proportion to the reducing capital element outstanding.

Rentals under operating leases are charged on a straight-line basis over the lease term.

Stocks

Stocks are stated in the balance sheet at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided under the liability method on timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Foreign currencies

Assets and liabilities recorded in foreign currencies have been translated into sterling at the rate ruling at 31 December 2001. Any trading profits or losses arising from exchange movements have been dealt with in the profit and loss account.

Pension scheme arrangements

HMH Money Purchase Pension Scheme

The cost of providing pensions and related benefits under this defined contribution scheme is charged to the profit and loss account in accordance with the contributions payable to the scheme.

Infast Automotive Limited

NOTES TO THE ACCOUNTS at 31 December 2001

1. ACCOUNTING POLICIES (continued)

Cash flow statement

The company is a 100% subsidiary of HMH Fasteners Limited, which is itself a wholly owned subsidiary of Infast Group plc. Its cash flows are included in that company's consolidated cash flow statement. Consequently, the company is exempt from the requirement of Financial Reporting Standard 1 (Revised) to prepare a cash flow statement.

2. TURNOVER

The turnover represents the value of sales invoiced to customers less value added tax arising from the primary continuing activity, the distribution of industrial fasteners.

An analysis of turnover by geographical market is given below:

	2001 £000	2000 £000
United Kingdom	47,652	40,079
Rest of Europe	1,897	1,409
Rest of World	39	86
	<u>49,588</u>	<u>41,574</u>

3. DIRECTORS' EMOLUMENTS

	2001 £000	2000 £000
Emoluments	287	434
	<u>287</u>	<u>434</u>
Company contributions paid to money purchase pension schemes	28	49
	<u>28</u>	<u>49</u>
	2001 No.	2000 No.
Members of money purchase pension schemes	4	7
	<u>4</u>	<u>7</u>

The amounts paid in respect of the highest director are as follows:

	2001 £000	2000 £000
Emoluments	123	110
	<u>123</u>	<u>110</u>
Company contributions paid to money purchase pension schemes	12	13
	<u>12</u>	<u>13</u>

Infast Automotive Limited

NOTES TO THE ACCOUNTS

at 31 December 2001

4. EMPLOYEE INFORMATION

The average weekly number of persons (including executive directors) employed by the company during the year was:

	2001 No.	2000 No.
Administration	141	123
Distribution	117	103
	<u>258</u>	<u>226</u>
	<u>2001</u>	<u>2000</u>
	<u>£000</u>	<u>£000</u>
Staff costs (for the above persons)		
Wages and salaries	4,863	3,926
Social security costs	451	384
Other pension costs	198	191
	<u>5,512</u>	<u>4,501</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £000	2000 £000
Finance charges payable under finance leases and hire purchase contracts	6	12

6. OPERATING PROFIT

	2001 £000	2000 £000
Operating profit is stated after charging / (crediting):		
Depreciation charge for the period:		
Tangible owned fixed assets	404	372
Tangible fixed assets held under hire purchase contracts	83	114
Auditor's remuneration - audit services	27	15
- non-audit services	-	1
Hire of plant and machinery - operating leases	263	220
Hire of other assets - operating leases	641	364
(Profit)/Loss on sale of fixed assets	(14)	6

Infast Automotive Limited

NOTES TO THE ACCOUNTS at 31 December 2001

7. TAXATION

	2001 £000	2000 £000
United Kingdom corporation tax at 30% (2000: 31%):		
Current	242	607
Deferred	(1)	(67)
Corporation tax under provided in previous years	134	-
	<u>375</u>	<u>540</u>

8. DIVIDENDS

	2001 £000	2000 £000
Equity dividends on ordinary shares:		
Final proposed	-	2,000
	<u>-</u>	<u>2,000</u>

9. TANGIBLE FIXED ASSETS

	<i>Long leasehold land and buildings £000</i>	<i>Plant and machinery £000</i>	<i>Fixtures and fittings £000</i>	<i>Motor vehicle £000</i>	<i>Totals £000</i>
Cost or valuation:					
At 31 December 2000	259	2,958	925	549	4,691
Additions	-	664	232	68	964
Disposals	(259)	-	-	-	(259)
At 31 December 2001	<u>-</u>	<u>3,622</u>	<u>1,157</u>	<u>617</u>	<u>5,396</u>
Depreciation:					
At 31 December 2000	2	1,830	682	424	2,938
Charge for the year	1	341	51	92	485
Disposals	(3)	-	-	-	(3)
At 31 December 2001	<u>-</u>	<u>2,171</u>	<u>733</u>	<u>516</u>	<u>3,420</u>
Net book value:					
At 31 December 2001	<u>-</u>	<u>1,451</u>	<u>424</u>	<u>101</u>	<u>1,976</u>
At 31 December 2000	<u>257</u>	<u>1,128</u>	<u>243</u>	<u>125</u>	<u>1,753</u>

Infast Automotive Limited

NOTES TO THE ACCOUNTS at 31 December 2001

9. TANGIBLE FIXED ASSETS *(continued)*

The net book value of tangible fixed assets includes an amount of £ 105,618 (2000: £166,404) in respect of assets held under hire purchase contracts.

10. STOCKS

	2001	2000
	£000	£000
Finished goods and goods for resale	7,791	6,787

The difference between the purchase price and their replacement cost is not material.

11. DEBTORS

	2001	2000
	£000	£000
Trade debtors	10,954	7,954
Amount due from group undertakings	981	219
Other debtors	562	83
Prepayments	494	356
	<u>12,991</u>	<u>8,612</u>

12. CREDITORS: Amounts falling due within one year:

	2001	2000
	£000	£000
Obligations under finance leases and hire purchase contracts	6	122
Trade creditors	8,721	5,571
Amount owed to group undertakings	9,135	3,405
Corporation tax	854	1,453
Other taxation and social security payable	344	702
Other creditors	145	-
Accruals and deferred income	704	952
Proposed final dividend	-	2,000
	<u>19,909</u>	<u>14,205</u>

13. CREDITORS: Amounts falling due after one year:

	2001	2000
	£000	£000
Obligations under finance leases and hire purchase contracts	-	8

NOTES TO THE ACCOUNTS
at 31 December 2001

14. PROVISIONS FOR LIABILITIES AND CHARGES

The movements in deferred taxation during the current and previous years are as follows:

	2001 £000	2000 £000
At 1 January	2	69
(Release)/Charge for the year	(2)	(67)
At 31 December	-	2

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	Provided		Not provided	
	2001 £000	2000 £000	2001 £000	2000 £000
Capital allowances in advance of depreciation	-	2	-	-

15. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

Net commitments under finance leases and hire purchase contracts are as follows:

	2001 £000	2000 £000
Amounts payable:		
Within one year	6	122
In two to five years	-	8
	6	130

16. PENSION AND SIMILAR OBLIGATIONS

HMH Money Purchase Pension Scheme

As at 31 December 2001 certain employees were members of the HMH Money Purchase Pension Scheme, a defined contribution scheme operated Infast Group plc, the ultimate holding company. The funds are held separately and are invested in units managed by Legal & General Investment Management Limited. The pension cost charged to the profit and loss account represents contributions payable by the company to the fund and amounted to £197,885 (2000: £190,607). At 31 December 2001, other creditors included a balance of £57,114 owed to this scheme (2000: £nil).

Infast Automotive Limited

NOTES TO THE ACCOUNTS at 31 December 2001

17. CALLED UP SHARE CAPITAL

	2001 £000	2000 £000
Authorised	2,075	2,075
Allotted, called up and fully paid: 8,300,000 ordinary shares of 25p each	2,075	2,075

18. RESERVES

	Share Premium £000	Revaluation reserve £000	Profit and loss account £000
At 31 December 2000	413	137	803
Retained profit for the year	-	-	489
Other movements	-	(137)	137
	413	-	1,429

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £000	2000 £000
Profit for the financial year	489	1,180
Dividends	-	(2,000)
Net (decrease)/increase in shareholders' funds	489	(820)
Opening shareholders' funds	3,428	4,248
	3,917	3,428

20. CAPITAL COMMITMENTS

There was no capital expenditure that had been contracted for but has not been provided for in the accounts.

21. CONTINGENT LIABILITIES

As at 31 December 2001, unlimited, multilateral guarantees in favour of the HSBC Bank plc and other providers of group facilities have been given.

NOTES TO THE ACCOUNTS

at 31 December 2001

22. FINANCIAL COMMITMENTS

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	2001		2000	
	<i>Land and Buildings</i>	<i>Other</i>	<i>Land and Buildings</i>	<i>Other</i>
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	-	41	-	22
In two and five years inclusive	268	56	239	135
In over five years	400	-	349	-
	<u>668</u>	<u>97</u>	<u>588</u>	<u>157</u>

23. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption in paragraph 3(c) of FRS8 Related Party Disclosures, from disclosing transactions with related parties that are part of the Haden MacLellan Holdings plc group or investees of the group.

24. ULTIMATE PARENT COMPANY

The company's immediate parent company is HMH Fasteners Limited.

The directors regard Infast Group plc, a company registered in England and Wales, as the ultimate parent company. Copies of the parent's consolidated accounts may be obtained from The Secretary, Infast Group plc, Waterwells Drive, Quedgeley, Gloucester, GL2 4FR.