



**MIDLAND TOOL AND DESIGN
LIMITED**

COMPANY NUMBER 0962501

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2000

MIDLAND TOOL AND DESIGN LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

Results and dividends

The profit for the year after taxation amounted to £243,000 (1999: £236,000).

Dividends amounting to £500,000 (1999: £nil) representing £5.00 (1999: £nil) per share have been declared and paid in the year leaving a loss of £257,000 (1999: profit £236,000) to be transferred from reserves.

Activities

The principal activity of the company is the manufacturing of precision tools.

Review of the business

The results for the year are shown in the profit and loss account on page 7.

Future developments

The company is trading profitably and the directors expect to maintain present activity levels.

Directors

The directors of the company, all of whom served throughout the year except where stated, were:

B G Hickman

A K Griffiths

R A Evans (appointed 20 June 2000)

R Harrop (appointed 20 June 2000)

T Blackshaw (resigned 20 June 2000)

M R Atkins (resigned 20 June 2000)

R A Evans and R Harrop having been appointed since the last Annual General Meeting, retire in accordance with the Articles of Association and being eligible offer themselves for re-appointment.

None of the directors had any interest in the shares of the company.

MIDLAND TOOL AND DESIGN LIMITED

REPORT OF THE DIRECTORS

The beneficial interests of each director in the shares and share options of the ultimate parent undertaking are noted below.

	25p ordinary shares			
	31 December 2000		1 January 2000 (or date of appointment)	
	Shares	Options	Shares	Options
B G Hickman	-	10,371	-	4,634
A K Griffiths	-	8,694	-	2,957
R A Evans	-	15,092	-	15,092
R Harrop	16,700	45,901	16,700	45,901
	<u>16,700</u>	<u>80,058</u>	<u>16,700</u>	<u>68,584</u>

Share options are exercisable on or after	Number of options
24 March 2001 at 300.000 pence	3,354
31 March 2002 at 177.500 pence	10,477
28 March 2003 at 91.500	66,227
	<u>80,058</u>

Statement of directors' responsibilities for preparing the financial statements

The directors are required by UK company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 31 December 2000. The directors also confirm that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and that the financial statements have been prepared on the going concern basis.

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

MIDLAND TOOL AND DESIGN LIMITED

REPORT OF THE DIRECTORS

Auditors

KPMG have expressed their willingness to continue in office and in accordance with Section 385 of the Companies Act 1985 a resolution proposing their re-appointment will be put to the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



M G Leigh
SECRETARY

23 March 2001

Registered office:

Parsonage Road
Stratton St Margaret
Swindon
Wiltshire
SN3 4RN

REPORT OF THE AUDITORS TO THE MEMBERS OF MIDLAND TOOL AND DESIGN LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the accounting policies set out on pages 5 and 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

Basis of 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 the company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

**KPMG
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
BRISTOL**

23 March 2001

MIDLAND TOOL AND DESIGN LIMITED

PRINCIPAL ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and under the historical cost convention.

The company is a wholly owned subsidiary of TT Group PLC and the cash flows of the company are included in the consolidated group cash flow statement of TT Group PLC. Consequently, the company is exempt under the terms of Financial Reporting Standard 1 (Revised 1996) from publishing a cash flow statement.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover is the invoice value of goods and services supplied excluding VAT.

DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible assets other than freehold land by equal annual instalments over their expected useful lives. The periods generally applicable are:

Plant, equipment and vehicles	Between 3 years and 10 years on cost according to type of asset
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FIXED ASSETS

Following the implementation of FRS 15 "Tangible Fixed Assets" the Group has adopted a policy of not revaluing fixed assets. The carrying amount of tangible fixed assets previously revalued have been retained at their book amount in accordance with the transitional provisions of FRS 15.

GOVERNMENT GRANTS

Government grants relating to tangible fixed assets are treated as deferred income and credited to the profit and loss account by equal instalments over the expected useful lives of the assets to which the grants relate. Other grants are credited to profit and loss account over the period of the project to which they relate.

STOCKS

Stocks and work in progress are stated at the lower of cost, including related overheads, and net realisable value.

DEFERRED TAXATION

Deferred taxation is the taxation attributable to timing differences between results computed for taxation purposes and the results as stated in the financial statements. Provision for deferred taxation is made where it is probable that a liability will crystallise at the rates estimated to be effective in the future.

Unprovided deferred taxation is disclosed as a contingent liability. Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

FOREIGN CURRENCIES

Monetary assets and liabilities in foreign currency are translated at the rates ruling at the balance sheet date. Transactions during the year are translated at rates ruling at the time of transactions. Exchange differences which arise from normal trading activities are dealt with through the profit and loss account.

MIDLAND TOOL AND DESIGN LIMITED

PRINCIPAL ACCOUNTING POLICIES

PENSION COSTS

The company operates a defined contribution scheme.

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting year.

LEASES

Assets acquired under finance leases which confer substantially all the risks and rewards of ownership of an asset, are capitalised and outstanding instalments, net of interest, are shown in creditors.

Payments on operating leases are charged to the profit and loss account on a straight line basis over the lease term.

MIDLAND TOOL AND DESIGN LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2000

	Note	2000 £'000	1999 £'000
Turnover	1	3,295	3,046
Cost of sales		(2,403)	(2,284)
Gross profit		892	762
Distribution costs		(128)	(93)
Administrative expenses		(402)	(309)
Operating profit		362	360
Net interest	2	(19)	(25)
Profit on ordinary activities before taxation	1	343	335
Taxation	3	(100)	(99)
Profit on ordinary activities after taxation	14	243	236
Dividends			
Interim of £5.00 per share (1999: £nil)		(500)	-
Loss retained	13	(257)	236

The above results all arise from continuing activities.

The company has no recognised gains or losses other than those included in the loss above and therefore no separate statement of total recognised gains and losses has been presented.

The accompanying accounting policies and notes form an integral part of these financial statements.

MIDLAND TOOL AND DESIGN LIMITED

BALANCE SHEET AT 31 DECEMBER 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	5	879	704
Current assets			
Stocks	6	205	219
Debtors	7	656	682
		861	901
Creditors: amounts falling due within one year	8	(648)	(776)
Net current assets		213	125
Total assets less current liabilities		1,092	829
Creditors: amounts falling due after more than one year	9	(523)	(11)
Provisions for liabilities and charges	10	(119)	(111)
		450	707
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account	13	350	607
Shareholders' funds	14	450	707

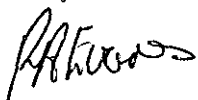
The financial statements were approved by the Board of Directors on 23 March 2001.

A K Griffiths



Directors

R A Evans



The accompanying accounting policies and notes form an integral part of these financial statements.

MIDLAND TOOL AND DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover is derived from the manufacturing of precision tools as analysed below:

	2000 £'000	1999 £'000
By destination:		
United Kingdom	2,364	1,999
Rest of Europe	696	635
North America	-	11
Rest of the World	235	401
	<u>3,295</u>	<u>3,046</u>

The whole of the turnover and profit on ordinary activities before taxation, originated in the United Kingdom.

Operating profit is stated after:

	2000 £'000	1999 £'000
Fees to auditors		
- audit services	7	4
- non-audit services	-	2
Depreciation		
- tangible fixed assets, owned	120	141
Operating lease rentals		
- plant and machinery	7	9
- other	6	8
Government grants	(8)	(8)

2 NET INTEREST

	2000 £'000	1999 £'000
Interest payable:		
On bank overdrafts	-	1
To group undertakings	19	25
	<u>19</u>	<u>26</u>
Interest receivable:		
Other interest receivable and similar income	-	(1)
	<u>19</u>	<u>25</u>

MIDLAND TOOL AND DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

3 TAXATION

	2000 £'000	1999 £'000
UK corporation tax charge at 30% (1999: 30.25%)	101	118
Deferred taxation	8	(9)
Adjustments in respect of prior years - corporation tax	(9)	(10)
	<u>100</u>	<u>99</u>

4 DIRECTORS AND EMPLOYEES

The aggregate emoluments, including directors, for the year were:

	2000 £'000	1999 £'000
Wages and salaries	1,318	1,257
Social security costs	139	130
Other pension costs	79	77
	<u>1,536</u>	<u>1,464</u>

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

	2000 Number	1999 Number
Production	49	48
Sales and distribution	2	2
Administration	4	4
	<u>55</u>	<u>54</u>

Remuneration in respect of directors was:

	£'000	£'000
Emoluments	59	46
Pension contributions to money purchase pension schemes	3	3
	<u>62</u>	<u>49</u>

During the year 1 directors (1999: 3 directors) participated in defined benefit schemes and 3 directors (1999: 2 directors) participated in money purchase pension schemes.

MIDLAND TOOL AND DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

5 TANGIBLE FIXED ASSETS

	Plant, equipment and vehicles £'000
Cost	
At 1 January 2000	2,319
Additions	258
Transfers from group undertakings	63
At 31 December 2000	2,640
Depreciation	
At 1 January 2000	1,615
Charge for the year	120
Transfers from group undertakings	26
At 31 December 2000	1,761
Net book amount at 31 December 2000	879
Net book amount at 31 December 1999	704

6 STOCKS

	2000 £'000	1999 £'000
Raw materials and consumables	23	20
Work in progress	182	199
	205	219

MIDLAND TOOL AND DESIGN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2000

7 DEBTORS

	2000 £'000	1999 £'000
Amounts falling due within one year:		
Trade debtors	613	548
Amounts owed by group undertakings	18	113
Prepayments	25	21
	<u>656</u>	<u>682</u>
Included in the above are the following amounts, which are due after more than one year:		
Amounts owed by group undertakings	<u>1</u>	<u>-</u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £'000	1999 £'000
Bank overdraft	231	418
Trade creditors	233	163
Amounts owed to group undertakings	41	44
Corporation tax	75	81
Taxation and social security	1	-
Accruals and deferred income	67	70
	<u>648</u>	<u>776</u>

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £'000	1999 £'000
Amounts owed to group undertakings	521	-
Deferred income: government grants	2	11
	<u>523</u>	<u>11</u>

MIDLAND TOOL AND DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

10 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £'000
At 1 January 2000	111
Profit and loss account	8
At 31 December 2000	<u>119</u>

11 DEFERRED TAXATION

Deferred taxation is analysed as follows:

	Amount provided		Amount unprovided	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Accelerated capital allowances	122	117	-	-
Other short term timing differences	(3)	(6)	-	-
	<u>119</u>	<u>111</u>	<u>-</u>	<u>-</u>

12 SHARE CAPITAL

	2000 £'000	1999 £'000
Authorised 100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Issued and fully paid 100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>

13 RESERVES

	Profit and loss account £'000
At 1 January 2000	607
Loss for the year	(257)
At 31 December 2000	<u>350</u>

MIDLAND TOOL AND DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £'000	1999 £'000
Profit for the year	243	236
Dividends	(500)	-
Net movement in shareholders' funds	(257)	236
Shareholders' funds at 1 January 2000	707	471
Shareholders' funds at 31 December 2000	450	707

15 LEASING COMMITMENTS

At 31 December 2000 commitments due within one year in respect of operating leases were:

	2000 Land and buildings £'000	2000 Other £'000	1999 Land and buildings £'000	1999 Other £'000
Operating payments due to terminate:				
Within one year	-	-	-	4
Between one and five years	-	2	-	4
In more than five years	7	-	7	-
	7	2	7	8

16 CONTINGENT LIABILITIES

There was a cross guarantee between certain companies in the group on all bank overdrafts with the National Westminster Bank plc. At 31 December 2000 the amount thus guaranteed by the company was £10,084,000 (1999: £481,000).

17 PENSION SCHEME

The company operates a defined contribution pension scheme for the benefit of directors and employees. The scheme is set up under trust and its assets are therefore independent of those of the company.

The total contributions charged by the company in respect of the year ended 31 December 2000 was £79,000 (1999: £77,000). The difference between the accumulated charge and payments made to the scheme is dealt with in debtors and creditors as appropriate.

18 TRANSACTIONS WITH RELATED PARTIES

The company has taken advantage of the exemption available under FRS 8 and has not disclosed transactions with companies that are part of the TT group of companies.

MIDLAND TOOL AND DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

19 CONTROLLING RELATED PARTIES

Linton and Hirst Group Limited is the company's controlling related party by virtue of its 100 per cent interest in the company.

The company's ultimate controlling related party and ultimate parent undertaking is TT Group PLC which is registered in England and Wales.

Copies of TT Group PLC financial statements can be obtained from the registered office at Clive House, 12-18 Queens Road, Weybridge, Surrey, KT13 9XB.