

Co Reg No.3588027 (England)

Unipart North America Limited

Report and Financial Statements

For the period ended 31 December 2003



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Company Information

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Directors:

P M Dessain

A J Mourgue

Secretary:

M D Rimmer

Registered Office:

Unipart House
Cowley
Oxford
OX4 2PG

Auditors:

PricewaterhouseCoopers LLP

Directors' Report

For the period ended 31 December 2003

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The Directors present their report together with the Financial Statements for the six months ended 31 December 2003 as the Company has changed its accounting reference date to 31 December. The comparative figures cover the twelve months ended 30 June 2003.

Principal activity and review of business and future developments

The principal activity of the Company continues to be engaged in the export of automotive parts, components and accessories.

The Directors are satisfied with the financial performance of the Company and look forward to increased activity in the coming financial year.

Results for the period

The results for the period are set out in the Profit and Loss account on page 6.

The Directors do not propose the payment of a dividend (30 June 2003: £nil).

Charitable and political donations

During the period the Company made no charitable donations (30 June 2003: £nil). No political donations were made during the financial period either (30 June 2003: £nil).

Directors and Directors' interests

The current Directors are shown on page 1 and have served throughout the period. M R Hopper resigned on 23 September 2003.

Mr A J Mourgue is a Director of the ultimate parent company, UGC Limited, and his interests in the shares of that company are disclosed in the UGC Limited Annual Report and Financial Statements.

The interests of other Directors in the share capital of UGC Limited are shown below:

	'A' Ordinary Shares of 0.5p each		'E' Ordinary Shares of 0.5p each	
	31 Dec 2003 Number	30 Jun 2003 Number	31 Dec 2003 Number	30 Jun 2003 Number
Beneficial Holdings				
P M Dessain	51,596	51,596	180,000	180,000
M R Hopper	41,143	41,143	282,900	282,900
Non Beneficial Holdings				
P M Dessain	17,200	17,200	-	-
Ordinary shares under option		At 31 Dec 2003 Number		At 30 Jun 2003 Number
P M Dessain		200,000		200,000
M R Hopper		250,000		250,000

As employees of the Unipart Group of Companies each of the above directors is deemed by Section 324 of the Companies Act 1985 to be interested in the shares held by the Group Share Trust for the benefit of Group employees. The interest of the Group Share Trust in the shares of UGC Limited was as follows:

	At 31 Dec 2003 Number	At 30 Jun 2003 Number
'A' Ordinary Shares of 0.5p each	14,300,460	14,294,458

Directors' Report (continued)

For the period ended 31 December 2003

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Directors and Directors' interests (continued)

None of the Directors serving at the period end had any interest in the shares of the Company. There was no contract subsisting during or at the end of the financial period in which any Director of the Company had a material interest.

Staff

Unipart North America Limited does not have any employees. Its immediate parent Company, Unipart Group Limited, provides all necessary service functions for Unipart North America Limited.

Going Concern

The Directors of UGC Limited, the ultimate parent undertaking, have indicated their willingness to continue providing financial support to the Company for the foreseeable future, at least one year from the date of approval of these accounts, sufficient for the Company to meet its obligations as they fall due. As a result the Directors have prepared the accounts on a going concern basis.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution to reappoint them will be presented at the annual general meeting.

By order of the Board



M D Rimmer
Company Secretary

Oxford, 5 April 2004

Statement of Directors' responsibilities

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Company law requires the Directors to prepare Financial Statements for each financial period that 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. 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 the most suitable accounting policies have been selected and applied consistently. They also confirm that reasonable and prudent judgements and estimation techniques have been made in preparing the Financial Statements for the period ended 31 December 2003 and that applicable accounting standards have been followed. The directors confirm that the going concern basis has been applied in preparing 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board



M D Rimmer
Secretary

Oxford, 5 April 2004

Independent Auditors' Report to the members of Unipart North America Limited

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We have audited the Financial Statements which comprise the profit and loss account, balance sheet and the related notes.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual 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 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 in to 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 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 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.

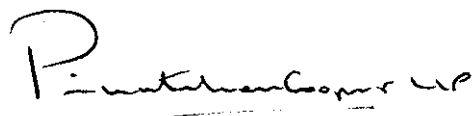
Basis of audit opinion

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. 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 at 31 December 2003 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

Birmingham, 5 April 2004

Unipart North America Limited

PROFIT & LOSS ACCOUNT

For the period ended 31 December 2003

		6 months ended 31 December 2003 £000	12 months ended 30 June 2003 £000
	Note		
TURNOVER	2	67,335	135,834
OPERATING (LOSS)/PROFIT	3	(578)	494
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(578)	494
Taxation on (loss) / profit on ordinary activities	7	22	(120)
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD	12	(556)	374

The profit and loss account relates entirely to continuing operations.

The Company does not have any gains or losses other than the (loss)/profit above and there was no difference between this (loss)/profit and the (loss)/profit on a historical cost basis. Accordingly no separate statement of total recognised gains and losses or note of historical cost profits and losses have been presented.

UNIPART NORTH AMERICA LIMITED

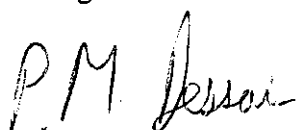
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BALANCE SHEET

AS AT 31 DECEMBER 2003

		As at 31 Dec 2003 £000	As at 30 Jun 2003 £000
	Note		
CURRENT ASSETS			
Stocks	8	25,436	25,300
Debtors	9	11,529	14,829
Cash at bank and in hand		5,914	5,350
		42,879	45,479
CREDITORS - amounts falling due within one year	10	(45,249)	(47,293)
NET CURRENT LIABILITIES		(2,370)	(1,814)
TOTAL ASSETS LESS CURRENT LIABILITIES		(2,370)	(1,814)
NET LIABILITIES		(2,370)	(1,814)
CAPITAL AND RESERVES			
Called up share capital	11	-	-
Profit and loss account	12	(2,370)	(1,814)
EQUITY SHAREHOLDERS' DEFICIT	13	(2,370)	(1,814)

The financial statements on pages 6 to 16 were approved by the board of directors on 5 April 2004 and were agreed on its behalf by



P M DESSAIN - Director

Notes to the Financial Statements

For the period ended 31 December 2003

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1 Accounting policies

The Financial Statements have been prepared in accordance with applicable United Kingdom law and accounting standards. A summary of the more important accounting policies, which have been applied consistently, is given in the following paragraphs.

Accounting convention

The Financial Statements are prepared on a going concern basis under the historical cost convention.

Cashflow Statement

The Company is a wholly owned subsidiary of a group whose ultimate parent company is UGC Limited. The Financial Statements of UGC Limited include a consolidated cash flow statement. Accordingly, the Company has taken advantage of the exemption not to publish its own cashflow statement.

Related party transactions

The Company is controlled by UGC Limited. The Company has taken advantage of the exemption afforded by FRS 8 (Related Party Disclosures), paragraph 3, and as such, the Financial Statements do not disclose transactions with other group companies.

Going concern

The Directors of UGC Limited, the ultimate parent undertaking, have indicated their willingness to continue providing financial support to the Company for the foreseeable future, at least one year from the date of approval of these accounts, sufficient for the Company to meet its obligations as they fall due. As a result the Directors have prepared the accounts on a going concern basis.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost of finished products and work in progress includes, where appropriate, direct labour and materials and a proportion of factory overheads. Net realisable value is calculated as the actual selling price, net of trade discounts, less cost to completion and all related marketing, selling and distribution costs.

Deferred taxation

Deferred taxation is accounted for to recognise timing differences between the recognition of gains and losses in the Financial Statements and their recognition for taxation purposes in accordance with FRS 19. A deferred tax liability is recognised if transactions or events result in the company having an obligation to pay more tax in future periods. A deferred tax asset is only recognised where transactions or events that have occurred before the Balance Sheet date give the company the right to pay less tax in future, and it is considered to be more likely than not that the asset will be recovered. Deferred tax balances are not discounted.

Notes to the Financial Statements (continued)

For the period ended 31 December 2003

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1 Accounting policies (continued)

Foreign currencies

Exchange differences arising in the normal course of trading and on the translation of monetary assets and liabilities are taken through the Profit and Loss account.

Turnover

Turnover represents sales invoiced in the period, being products supplied to customers less credits issued, all of which are stated net of value added tax. This includes amounts received and receivable on management fee contracts.

UNIPART NORTH AMERICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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For the period ended 31 December 2003

2 SEGMENTAL INFORMATION

The Company operates in a single business segment, principally from the United Kingdom.

The geographical analysis of turnover by destination of customer is:

	6 months ended 31 Dec 2003 £000	12 months ended 30 Jun 2003 £000
United Kingdom	-	19,044
North America	67,335	116,790
	<u>67,335</u>	<u>135,834</u>

UNIPART NORTH AMERICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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For the period ended 31 December 2003

3 OPERATING (LOSS)/PROFIT

Operating (loss)/profit is calculated as follows:

	6 months ended 31 Dec 2003 £000	12 months ended 30 Jun 2003 £000
Turnover	67,335	135,834
Cost of sales	(58,784)	(118,993)
Gross Profit	8,551	16,841
Distribution costs	(8,460)	(15,339)
Administrative expenses	(669)	(1,008)
Operating (loss)/profit	(578)	494

All administration expenses, including auditor's remuneration, are borne by the immediate parent company, Unipart Group Limited, which levies a management charge for this service.

4 STAFF NUMBERS AND COSTS

Unipart North America Limited does not have any employees in its own right. Employees are all employed and paid through Unipart Group Limited and all applicable disclosures are made in those accounts.

5 DIRECTORS' EMOLUMENTS

The Directors received their remuneration in respect of services to the Unipart Group of Companies as a whole and received no remuneration from the Company. Such information as is required is disclosed in the accounts of UGC Limited.

UNIPART NORTH AMERICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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For the period ended 31 December 2003

6 INTEREST

Net interest on bank balances and overdrafts is borne by Unipart Group Limited, the immediate parent company of Unipart North America Limited.

7 TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	6 months ended 31 Dec 2003 £000	12 months ended 30 Jun 2003 £000
UK Corporation Tax at 30% (30 June 2003: 30%) in respect of the current financial period.	173	(120)
Foreign taxes	(151)	-
Tax credit/(charge) on (loss)/profit on ordinary activities	<u>22</u>	<u>(120)</u>

The standard rate of tax for the period, based on the UK standard rate of taxation, is 30%, the actual tax charge for the period ended 31 December 2003 exceeded the standard rate. The principle reconciling item is illustrated below:

	6 months ended 31 Dec 2003 £000	12 months ended 30 Jun 2003 £000
(Loss)/profit on ordinary activities before tax	(578)	494
(Loss)/profit before tax multiplied by the UK tax rate of 30% (30 June 2003: 30%)	173	(148)
Movement on timing differences	-	28
Foreign taxes	(151)	-
Current tax credit/(charge) for the period	<u>22</u>	<u>(120)</u>

UNIPART NORTH AMERICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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For the period ended 31 December 2003

8 STOCKS

	As at 31 Dec 2003 £000	As at 30 Jun 2003 £000
Finished goods and goods for resale	25,436	25,300
	<u>25,436</u>	<u>25,300</u>

9 DEBTORS

	As at 31 Dec 2003 £000	As at 30 Jun 2003 £000
Trade debtors and bills receivable	10,124	13,265
Corporation tax	50	-
Other debtors	1,355	1,564
	<u>11,529</u>	<u>14,829</u>

UNIPART NORTH AMERICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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For the period ended 31 December 2003

10 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 31 Dec 2003 £000	As at 30 Jun 2003 £000
Trade creditors	1,463	1,007
Amounts owing to parent and fellow group undertakings	33,606	34,795
Other creditors	9,289	10,232
Accruals and deferred income	891	1,259
	<u>45,249</u>	<u>47,293</u>

11 SHARE CAPITAL

	As at 31 Dec 2003 Number £		As at 30 Jun 2003 Number £	
Ordinary shares of £1 each:				
Issued and fully paid	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Authorised	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

UNIPART NORTH AMERICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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For the period ended 31 December 2003

12 PROFIT AND LOSS RESERVE

	6 months ended 31 Dec 2003 £000	12 months ended 30 Jun 2003 £000
As at 1 July	(1,814)	(2,188)
(Loss)/profit for the financial period	(556)	374
As at 31 December / 30 June	<u>(2,370)</u>	<u>(1,814)</u>

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	6 months ended 31 Dec 2003 £000	12 months ended 30 Jun 2003 £000
As at 1 July	(1,814)	(2,188)
(Loss)/profit for the period	(556)	374
As at 31 December / 30 June	<u>(2,370)</u>	<u>(1,814)</u>

UNIPART NORTH AMERICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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For the period ended 31 December 2003

15 COMMITMENTS

There were no capital or operating lease commitments at 31 December 2003 (30 June 2003: £nil).

16 CONTINGENT LIABILITIES

The Company has given security by way of fixed and floating charges over certain of the Company's assets, to guarantee bank loans provided to certain fellow subsidiary undertakings. The amount outstanding under such arrangements at 31 December 2003 was £28.3 million (30 June 2003 - £63.5 million).

17 ULTIMATE PARENT COMPANY

At the end of the financial period UGC Limited, a company registered in England and Wales, was the ultimate parent company and controlling party. Copies of UGC Limited consolidated Financial Statements can be obtained from the Company Secretary at Unipart House, Cowley, Oxford OX4 2PG.